Commodity Market

# WEEKLY REPORT

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## BULLION METALS OUTLOOK -

**GOLD** - Gold Last week, spot gold prices rose by 1.6 percent to close at 27445. Although expectations remain that the U.S. Federal Reserve will further raise interest rates, while MCX gold prices also rose by around 1.7 percent in the same time frame. Bullion bounced back on Thursday after hitting a 10-month low on Dec. 15 as solid U.S. economic data gave the U.S. Federal Reserve the confidence to raise interest rates for the first time in a year. Recent upbeat U.S. data has helped underscore expectations the Fed will raise interest rates more quickly next year, which would lower demand for non-yielding assets such as bullion, while boosting the dollar in which it is priced We expect gold prices to trade lower on anticipation of further rate hike in the US and stronger dollar index. Besides,lower investment and physical demand will also exert downside pressure on yellow metal.The Precious Metal is Expected to trade in the range of 27308-27688 in this Week trading Session.

## GOLD CHART -

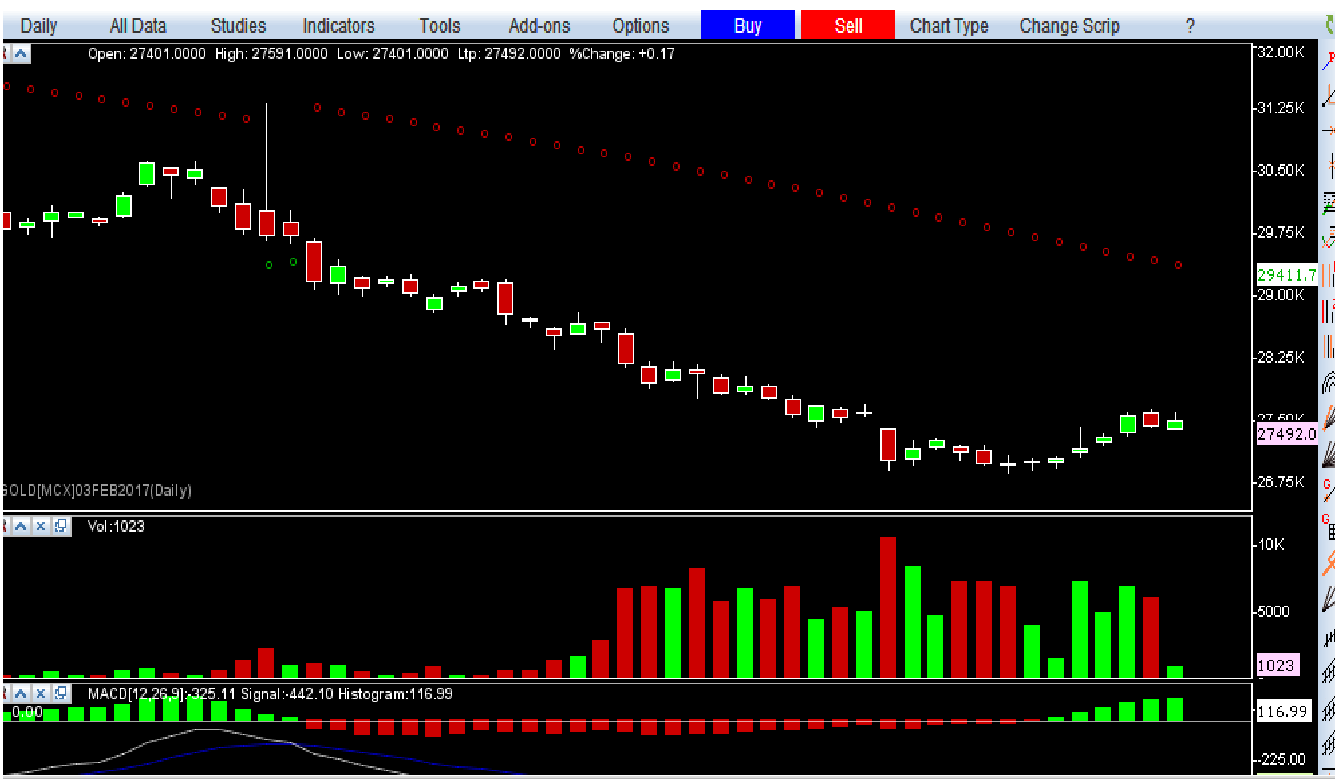


**Chart Detail -** The statistical and technical indicators suggest that gold was going ahead and that it was due for a correction. one key indicator is the moving average of convergence/divergence, which is also known as MACD, and on a weekly basis the MACD and Parabolic SAR are indicating that the next move for gold will be up. The gold now look moving toward the 27800 level in near Future. The Important Levels for Gold as per Technical Indicators is 27287 is Down side and 28120 is Upside.

## SILVER -

Last week, spot silver prices rose by 1.2 percent to close at $15.9 per ounce in line with rise in gold prices and bargain hunting at lower levels. On the MCX, silver prices rose by 1.2 percent to close at Rs.39049 per Kg.


**Detail of Chart -** On the Above Given Daily Chart of Silver is preserved the psychological support 39200. MCX silver makes down channel pattern on weekly chart last week which given the Strong Signal for entire surge of below near resistance Rs.40707 and Rs.41208 it goes up till 39200 Levels.the Above Levels are 40208 by crossing Rs.41707 Level could be touch on next Week trading Sessions. Now in this Week The Technical Indicators like - RSI And Moving Average convergence/divergence trading near oversold phase consonantly on Chart given that; One should not stand into the recession move around support Level of 38500. The Significance Levels for Silver is 38800-39200 is Down Side and 39980-40561 is Up side silver is Expected to trade in Bullish trend for next trading Week.

## ✍ MCX DAILY LEVELS

| DAILY | EXPIRY DATE | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ALUMINIUM** | **30-DEC-2016** | 118 | 117 | 116 | 115 | 115 | 114 | 114 | 113 | 112 |
| **COPPER** | **28-FEB-2016** | 385 | 382 | 379 | 378 | 376 | 375 | 373 | 370 | 367 |
| **CRUDE OIL** | **19-OCT-2016** | 3785 | 3742 | 3699 | 3675 | 3656 | 3632 | 3613 | 3570 | 3527 |
| **GOLD** | **03-FEB-2016** | 28139 | 27926 | 27713 | 27579 | 27500 | 27366 | 27287 | 27074 | 26861 |
| **LEAD** | **30-DEC-2016** | 148 | 144 | 140 | 137 | 136 | 133 | 132 | 128 | 124 |
| **NATURAL GAS** | **27-DEC-2015** | 281 | 272 | 263 | 258 | 254 | 249 | 245 | 236 | 227 |
| **NICKEL** | **30-DEC-2016** | 722 | 710 | 698 | 691 | 686 | 679 | 674 | 662 | 650 |
| **SILVER** | **03-MARCH-2016** | 42117 | 41173 | 40229 | 39639 | 39285 | 38695 | 38341 | 37397 | 36453 |
| **ZINC** | **30-DEC-2016** | 188 | 183 | 178 | 176 | 173 | 171 | 168 | 163 | 158 |

## ✍ MCX WEEKLY LEVELS

| WEEKLY | EXPIRY | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ALUMINIUM** | **30-DEC-2016** | 124 | 121 | 118 | 117 | 115 | 114 | 112 | 109 | 106 |
| **COPPER** | **28-FEB-2016** | 425 | 408 | 391 | 384 | 374 | 367 | 357 | 340 | 323 |
| **CRUDE OIL** | **19-OCT-2016** | 4022 | 3898 | 3774 | 3712 | 3650 | 3588 | 3526 | 3402 | 3278 |
| **GOLD** | **03-FEB-2016** | 29486 | 28768 | 28050 | 27747 | 27332 | 27029 | 26614 | 25896 | 25178 |
| **LEAD** | **30-DEC-2016** | 160 | 152 | 144 | 140 | 136 | 132 | 128 | 120 | 112 |
| **NATURAL GAS** | **27-DEC-2015** | 303 | 287 | 271 | 261 | 255 | 245 | 239 | 223 | 207 |
| **NICKEL** | **30-DEC-2016** | 789 | 757 | 725 | 704 | 693 | 672 | 661 | 629 | 597 |
| **SILVER** | **03-MARCH-** | 43733 | 42183 | 40633 | 39841 | 39083 | 38291 | 37533 | 35983 | 34433 |
| **ZINC** | **30-DEC-2016** | 200 | 191 | 182 | 177 | 173 | 168 | 164 | 155 | 146 |

## ✍ FOREX DAILY LEVELS

| DAILY | EXPIRY | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| **USDINR** | **26-OCT2016** | 69.43 | 68.81 | 68.53 | 68.24 | 67.97 | 67.67 | 67.40 | 67.11 | 66.82 |
| | | | | | | | | | | |
| **EURINR** | **26-OCT2016** | 74.68 | 73.89 | 72.58 | 71.25 | 71.08 | 70.02 | 69.79 | 68.21 | 67.12 |
| | | | | | | | | | | |
| **GBPINR** | **26-OCT2016** | 87.18 | 85.94 | 84.66 | 83.14 | 82.12 | 81.09 | 80.01 | 78.94 | 77.71 |
| | | | | | | | | | | |
| **JPYINR** | **26-OCT2016** | 60.25 | 59.85 | 58.29 | 58.01 | 57.92 | 57.26 | 56.85 | 56.02 | 55.74 |
| | | | | | | | | | | |

## ✍ FOREX WEEKLY LEVELS

| DAILY | EXPIRY | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| **USDINR** | **26-OCT2016** | 70.26 | 69.89 | 69.24 | 68.60 | 67.95 | 67.31 | 66.66 | 66.02 | 65.38 |
| | | | | | | | | | | |
| **EURINR** | **26-OCT2016** | 78.08 | 76.28 | 74.07 | 72.17 | 70.82 | 69.56 | 68.32 | 67.08 | 65.84 |
| | | | | | | | | | | |
| **GBPINR** | **26-OCT2016** | 92.46 | 89.97 | 87.94 | 85.88 | 83.79 | 81.78 | 79.72 | 77.67 | 75.59 |
| | | | | | | | | | | |
| **JPYINR** | **26-OCT2016** | 65.85 | 63.25 | 62.01 | 59.21 | 58.25 | 56.93 | 54.60 | 52.17 | 50.35 |

## ✍ NCDEX DAILY LEVELS

| DAILY | EXPIRY | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| **SYOREFIDR** | **20-JAN-2016** | 732 | 727 | 722 | 719 | 717 | 714 | 712 | 707 | 702 |
| | | | | | | | | | | |
| **SYBEANIDR** | **20-JAN-2016** | 3093 | 3072 | 3051 | 3040 | 3030 | 3019 | 3009 | 2988 | 2967 |
| | | | | | | | | | | |
| **RMSEED** | **20-JAN-2016** | 4559 | 4483 | 4407 | 4378 | 4331 | 4302 | 4255 | 4179 | 4103 |
| | | | | | | | | | | |
| **JEERAUNJHA** | **20-JAN-2016** | 18783 | 18438 | 18093 | 17952 | 17748 | 17607 | 17403 | 17058 | 16713 |
| | | | | | | | | | | |
| **GUARSEED10** | **20-JAN-2016** | 3346 | 3312 | 3278 | 3258 | 3244 | 3224 | 3210 | 3176 | 3142 |
| | | | | | | | | | | |
| **TMC** | **20-APR-2016** | 6981 | 6911 | 6841 | 6801 | 6771 | 6731 | 6701 | 6631 | 6561 |
| | | | | | | | | | | |

## ✍ NCDEX WEEKLY LEVELS

| WEEKLY | EXPIRY | R4 | R3 | R2 | R1 | PP | S1 | S2 | S3 | S4 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| **SYOREFIDR** | **20-JAN-2016** | 760 | 745 | 730 | 723 | 715 | 708 | 700 | 685 | 670 |
| | | | | | | | | | | |
| **SYBEANIDR** | **20-JAN-2016** | 3209 | 3148 | 3087 | 3058 | 3026 | 2997 | 2965 | 2904 | 2843 |
| | | | | | | | | | | |
| **RMSEED** | **20-JAN-2016** | 4860 | 4681 | 4502 | 4425 | 4323 | 4246 | 4144 | 3965 | 3786 |
| | | | | | | | | | | |
| **JEERAUNJHA** | **20-JAN-2016** | 20677 | 19622 | 18567 | 18188 | 17512 | 17133 | 16457 | 15402 | 14347 |
| | | | | | | | | | | |
| **GUARSEED10** | **20-JAN-2016** | 3597 | 3472 | 3347 | 3292 | 3222 | 3167 | 3097 | 2972 | 2847 |
| | | | | | | | | | | |
| **TMC** | **20-APR-2016** | 7191 | 7057 | 6923 | 6843 | 6789 | 6709 | 6655 | 6521 | 6387 |

## MCX - WEEKLY NEWS LETTERS

## ✍ INTERNATIONAL UPDATES ( BULLION & ENERGY )

Gold prices slid on Friday as investors took profits at the end of a year which saw bullion prices rise around 9%, snapping three years of declines. Gold for February delivery settled down 0.53% at $1,152.00 on the Comex division of the New York Mercantile Exchange. Prices were up around 9.8% for the year. Gold prices soared in the first half of 2016 as the Federal Reserve remained cautious on raising interest rates and prices of the precious metal hit a two-year peak in July as Britain's vote to exit the European Union spurred a flight to safety. But gold prices fell almost 8% in November amid rising U.S. bond yields and a rally in stock markets on the back of expectations for ramped up fiscal spending under the incoming Trump administration. Gold prices tumbled to 10-month lows on December 15 after the Fed hiked interest rates and signaled that it expects to raise rates more quickly than previously anticipated in 2017.

Higher rates boost the dollar by making the currency more attractive to yield-seeking investors. Both a strong dollar and higher interest rates are typically bearish for gold, which is denominated in dollars and struggles to compete with yield-bearing assets when borrowing costs rise. Elsewhere in precious metals trading, silver was down 1.57% at $15.96 a troy ounce late Friday, but ended the year with gains of around 15%, the biggest annual increase since 2010. Copper was up 0.76% at $2.5 a pound and ended the year up around 19%. Palladium ended at $680.32 an ounce and rose more than 29% for the year, making it the best annual performer.

Platinum was up 0.36% on the day at $905.65 an ounce and was up 4.38% for the year. In the week ahead, investors will be looking ahead to Friday's U.S. employment report for December along with Wednesday's minutes of the Fed's December meeting. U.S. data on manufacturing and service sector activity will also be in focus. Market watchers will also be awaiting euro zone inflation data on survey data from the UK on manufacturing, service and construction sector activity. Ahead of the coming week, Investing.com has compiled a list of these and other significant events likely to affect the markets.

**Monday, January 2**

Financial markets around the world will be closed for the New Year holiday.

**Tuesday, January 3**

Financial markets in New Zealand and Japan will remain closed for holidays.

China is to publish its Caixin manufacturing PMI.

In the euro zone, Germany is to release preliminary inflation data and a report on the change in the number of people unemployed.

The U.K. is to release survey data on manufacturing activity.

The Institute for Supply Management is to release data on manufacturing activity.

**Wednesday, January 4**

The U.K. is to release survey data on construction activity.

The euro zone is to release preliminary data on inflation.

The Federal Reserve is to publish the minutes of its December meeting.

**Thursday, January 5**

China is to publish its Caixin services PMI.

The U.K. is to release survey data on service sector activity.

The U.S. is to release the ADP Nonfarm payroll report and data on jobless claims. The ISM is to report on non-manufacturing activity.

**Friday, January 6**

Australia is to release trade data.

Germany is to report on factory orders and retail sales.

Canada is to publish its monthly jobs report along with trade data.

The U.S. is to round up the week with the closely watched report on nonfarm payrolls as well as data on trade and factory orders.

Gold prices eased on Friday as gains from a weak dollar was offset by profit-taking at the end of a year in which bullion gained about more than 8 percent, snapping three years of declines. In the first half of 2016, investors increased gold exposure as the Federal Reserve showed caution on raising interest rates due to concerns about global growth, while Britain's vote to leave the European Union curbed appetite for risk and pushed the metal to a two-year high in July. Spot gold XAU= reached its highest since Dec. 14 at $1,163.14 an ounce, before retreating 0.7 percent to $1,150.5 per ounce. Prices were up about 8.5 percent annually, its biggest increase since 2011. U.S. gold futures GCcv1 ended the session 0.6 percent lower at $1,151.7 per ounce. Gold prices fell more than 8 percent in November, on higher

U.S. Treasury yields after Donald Trump's presidential election win led to speculation his commitment to infrastructure spending would spur growth. Bullion hit a 10-month low on Dec. 15 as solid U.S. economic data gave the Fed the confidence to raise rates for the first time in a year. The central bank signalled three more increases next year from the previous projection of two. "Because the stock market has been flirting with the 20,000 range, it's been relatively calm and we haven't gotten the flight to safety trade that we sometimes get with gold," Still we are building a position in gold primarily because we think the stock market is going to hit some turbulence ... and a major calamity coming out of Europe that's going to cause a lot of money to go into the gold markets." The precious metal is often seen as a hedge against geopolitical risks. The dollar .DXY pared some losses against a basket of six currencies as the session progressed, pressuring gold. U.S. Treasury yields will remain a key driver for gold's movements. Returns from U.S. bonds are closely watched by the gold market, given that the metal pays no interest. Other precious metals were also set to end the year in positive territory, with palladium XPD= the best performer, up more than 21 percent in 2016. It was up 1.3 percent on the day at $680.75 an ounce. Platinum XPT= gained 0.1 percent to $898.55 for the session and rose marginally for the year, its first annual gain in four years. The spread between platinum and palladium contracted to its narrowest in nearly 15 years earlier this month at $141 an ounce, as palladium, mostly used in autocatalysts, benefited from higher car demand in China and the United States and dwindling supply.

"A sharply widening deficit ... is likely to propel palladium higher as scope for mine output remains limited and industrial and auto demand firm, Silver XAG= was down 1.4 percent at $15.92, but ended the year about 15 percent higher, its best year since 2010. Gold prices rose to a three-week high amid low-volume holiday trading on Friday, as the U.S. dollar pulled back, boosting the appeal of the yellow metal. Gold for February delivery on the Comex division of the New York Mercantile Exchange rose to a session peak of $1,164.25 a troy ounce, a level not seen since December 9. It was last at $1,160.50 by 3:41AM ET , up $2.40, or 0.25%, adding to a gain of $17.00, or 1.49%, a day earlier. Prices of the yellow metal sank to an 11-month low of $1,124.30 earlier in December. Trade is expected to remain thin for the final trading session of both the week and 2016 as most investors are away for year-end holidays. The U.S. dollar continued to pull back on Friday, slipping from its 14-year-high against a basket of currencies as investors took profits in the run-up to the end of the year. The dollar index, which measures the greenback’s strength against a trade-weighted basket of six major currencies, was down 0.18% at 102.48 by 3:44AM ET, pulling back from a peak of 103.62 reached on December 20. Meanwhile, Wall Street closed lower for a second day running in the prior session, as investors balked at the Dow facing the 20,000 point milestone and opted to take profits. Gold’s appeal increased as traders shifted positions from riskier stocks to the safe have metal. Prices of the yellow metal have fallen sharply since Donald Trump was elected president as a soaring U.S. dollar, rising Treasury yields and a record-breaking rally on Wall Street have dampened its appeal. Market analysts warned that the outlook for gold remains cloudy in the near-term, given expectations for higher U.S. interest rates in the months ahead. The Fed hiked interest rates for the first time in a year earlier this month and projected three more increases in 2017. The precious metal is sensitive to moves in U.S. rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar in which it is priced. Both a strong dollar and higher interest rates are typically bearish for gold, which is denominated in dollars and struggles to compete with yield-bearing assets when borrowing costs rise. Also on the Comex, silver futures for March delivery gained 1.9 cents, or 0.12%, to $16.237 a troy ounce during morning hours in New York, rebounding from last week's eight-month low of $15.67. Meanwhile, platinum tacked on 0.74% to $ 909.05, while palladium traded down 0.22% to $674.17 an ounce. Elsewhere in metals trading, copper futures rose 1.1 cents, or 0.44%, to $ 2.499 a pound.

Traders who use market timing strategies appear to be behind the price increase for gold this week. The price of the precious metal was up 1.37% by mid-day today, an increase of $15.60, to $ 1156.50. According to a leading analyst, the typical short-term gold timer has reacted to overall declining prices for the yellow metal over the last month by becoming even more bullish. That’s the exact opposite of how traders traditionally respond to declines, and indicates that there may be potent undertow of optimism in the gold-timing world. So-called "tradable bottoms" Generally come with skeptical investor attitudes. According to the Hulbert Gold Newsletter Sentiment Index, or, however, the gold exposure level among regular gold investors has grown. This average currently stands at negative 4.0%, contrasted with a reading of negative 18.0% a month ago when gold bullion stood at just short of $1,200 an ounce.

Analysis: in the aftermath of a $ 60+ drop in gold’s price, the average gold timer has increased her exposure level by 14% points. Silver, Copper The price of silver was also up on Thursday, at $16.19 per ounce. That was an increase of 15 cents per ounce, or about 0.95%. The price of copper, however, today was trading lower at about 1:30 p.m. Central.

Gold prices rose to a two-week high amid low-volume holiday trading on Thursday, as the U.S. dollar and global stock markets pulled back, boosting the appeal of the yellow metal. Gold for February delivery on the Comex division of the New York Mercantile Exchange rose to a session peak of $ 1,151.30 a troy ounce, a level not seen since December 14. It was last at $ 1,149.25, up $ 8.35, or around 0.8%, adding to a gain of $ 2.10, or 0.2%, a day earlier. Prices of the yellow metal sank to an 11-month low of $ 1,124.30 earlier in December. Trade is expected to remain thin for the rest of the week as most investors are away for year-end holidays. The U.S. dollar slumped on Thursday, slipping from its 14-year-high against a basket of currencies as investors took profits in the run-up to the end of the year. The dollar index, which measures the greenback’s strength against a trade-weighted basket of six major currencies, was down 0.5% at 102.71 in early trade, pulling back from last week's 14-year peak of 103.62. Meanwhile, European and Asian stock markets slumped in wake of a downbeat performance on Wall Street overnight, where shares fell across the board with the S&P 500 posting its largest daily drop since October 11. Prices of the yellow metal have fallen sharply since Donald Trump was elected president as a soaring U.S. dollar, rising Treasury yields and a record-breaking rally on Wall Street have dampened its appeal. Market analysts warned that the outlook for gold remains cloudy in the near-term, given expectations for higher U.S. interest rates in the months ahead. The Fed hiked interest rates for the first time in a year earlier this month and projected three more increases in 2017. The precious metal is sensitive to moves in U.S. rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar in which it is priced. Both a strong dollar and higher interest rates are typically bearish for gold, which is denominated in dollars and struggles to compete with yield-bearing assets when borrowing costs rise. Also on the Comex, silver futures for March delivery jumped 18.5 cents, or 1.15%, to $ 16.22 a troy ounce during morning hours in New York, rebounding from last week's eight-month low of $ 15.67. Meanwhile, platinum tacked on 0.65% to $ 908.10 and palladium added 0.6% to $ 671.10 an ounce. Gold prices crawled up early Thursday, supported by a softer dollar and weaker Asian equities.

**FUNDAMENTALS**

- Spot gold XAU= edged up 0.2 percent to $ 1,144.36 an ounce by 0044 GMT. Gold has risen about 8 percent so far this year despite an 8 percent drop in November.
- U.S. gold futures GCcv1 were up 0.4 percent at $1,145.40 per ounce.
- The dollar index .DXY , which measures the greenback against a basket of currencies, eased 0.2 percent at 103.13.
- The dollar sagged against the yen early on Thursday as U.S. yields dropped overnight to two-week lows, but the greenback managed to hold steady against the euro and pound.
- Asian shares slipped on Thursday after Wall Street suffered a mild setback after weeks of gains. MSCI's broadest index of Asia-Pacific shares outside Japan . MIAPJ0000PUS was off a slight 0.1 percent.
- Contracts to buy previously owned U.S. homes fell in November to their lowest level in nearly a year, a sign rising interest rates could be weighing on the housing market, the National Association of Realtors said on Wednesday. Shanghai Gold Exchange, the world's biggest physical bullion exchange, said on Wednesday it will curb the amount of gold investors can trade at one time, a move analysts said would limit institutional investors' influence on prices.

Gold prices rose to a two-week high amid low-volume holiday trading on Thursday, as the U.S. dollar and global stock markets pulled back. Gold was up $ 5.25, or 0.46%, to $ 1,146.15 at 08:26ET.

The U.S. dollar fell from its 14-year-high against a basket of currencies as investors took profits in the run-up to the end of the year. Meanwhile, global stock markets slumped in wake of a downbeat performance on Wall Street overnight. Market analysts warned that the outlook for gold remains cloudy in the near-term, given expectations for higher U.S. interest rates in the months ahead.

Gold prices edged higher on Wednesday as subdued cash demand and investor short-covering helped offset a stronger U.S. dollar. Spot gold XAU= was up 0.27 percent at $ 1,141.92 per ounce by 2:18 p.m. EST , after hitting $ 1,148.98 on Tuesday, the strongest since Dec. 14.

The most active U.S. gold GCcv1 futures for February delivery settled up $ 2.1, or 0.18 percent, at $ 1,140.90 per ounce. Traders were covering short positions in options-related dealings and year-end demand from China and Russia buoyed prices,"Gold is holding up despite lots of bears in the woods for lots of good reasons. Spot prices are poised to finish the year up about 8 percent despite an 8 percent drop in November, as U.S. Treasury yields rose after Donald Trump's election led to speculation his commitment to infrastructure spending would spur growth. Gold hit a 10-month low on Dec. 15 as solid U.S. economic data prompted the Federal Reserve to raise U.S. interest rates for the first time in a year. The central bank signalled three more increases next year, up from the previous projection of two. Recent upbeat U.S. data has helped underscore expectations the Fed will raise interest rates more quickly next year, which would lower demand for non-yielding assets such as bullion, while boosting the dollar in which it is priced. dollar index .DXY edged higher against a basket of six main currencies on Wednesday. the short term, we are focused towards support at $1,100 and a break of this will be very bearish for the metal. As for the upside, we really need to break the level of $1,170 and $1,200. Reflecting bearish investor sentiment, assets in the SPDR Gold Trust GLD , the world's largest gold-backed exchange-traded fund, fell 0.14 percent to 823.36 tonnes on Tuesday. Holdings are down about 13 percent since the U.S. presidential elections. The Shanghai Gold Exchange, the world's biggest physical bullion exchange, said on Wednesday it would curb the amount of gold investors can trade at one time, a move analysts said would limit institutional investors' influence on prices. silver XAG= was up 0.31 percent at $16 an ounce. The metal rose about 1.5 percent on Tuesday. Platinum XPT= platinum was down 0.13 percent at $899.30 per ounce and palladium XPD= fell 0.48 percent to $667.80, after rising over 2 percent in the previous session. PRECIOUS-Gold edges up on subdued physical demand, short-covering

Gold was little changed early on Wednesday, after rising to a near two-week high in the previous session, amid a steady dollar.

**FUNDAMENTALS**

- Spot gold XAU= edged 0.1 percent higher to $1,139.56 an ounce by 0058 GMT. The bullion hit its strongest since Dec. 14 on Tuesday at $1,148.98.
- U.S. gold futures GCcv1 were up 0.2 percent at $1,140.60 per ounce.
- The dollar index .DXY , which measures the greenback against a basket of currencies, was flat at 103.

- The dollar edged up against the yen on Wednesday within sight of a 10-1/2 month high in thin holiday trade, after strong U.S. economic data reinforced expectations that the U.S. Federal Reserve would be more hawkish in the year ahead.

- U.S. consumer confidence shot to its highest in more than 15 years in December as Americans saw more strength ahead in business conditions, stock prices and the job market following the election of Donald Trump as president in November. Holdings of the SPDR Gold Trust GLD , the world's largest gold-backed exchange-traded fund, continued to fall on Wednesday, fell 0.14 percent to 823.36 tonnes on Tuesday.

- Japan's factory output rose in November and manufacturers expect to ramp up production in coming months, data showed on Wednesday. The figures reinforce a dominant market view that the Bank of Japan will hold off on expanding monetary stimulus in coming months with a recent rebound in exports seen supporting growth.

- China's industrial sector showed the strongest profit growth in three months in November, suggesting the world's second-largest economy was improving, though policymakers noted gains were too dependent on rebounding prices for oil products, iron and steel. Chinese firms reported strong performance in the fourth quarter, with hiring on the rise and profits up, but the outlook for 2017 is uncertain as cash flow remains weak and inventories rose at a record pace in late 2016, a private survey showed.

Gold prices rose on Tuesday to a near two-week high on weak Japanese inflation data, but trading was thin with traders in the United States returning after the long Christmas weekend and London markets still closed. Most analysts believe broad concerns about European banks and uncertainty around U.S. President-elect Donald Trump's policies will likely support gold prices in 2017. However, the price of gold could tumble over the near term if U.S. bond yields continue to climb. Markets including the U.K., Australia, New Zealand and Canada were closed for the holidays on Tuesday.

Spot gold was up 0.5 percent at $ 1,139.42 an ounce by 2:48 p.m. EST after hitting its highest since Dec. 14 at $1,148.98 an ounce.

U.S. gold futures GCcv1 ended the session 0.45 percent higher at $1,138.80 per ounce.

Data showed Chinese industry racked up its strongest profit growth in three months in November, suggesting the world's second-largest economy was improving. In Japan, however, core consumer prices fell in annual terms for the ninth month as household spending slumped. a top is in on Japan's growth and with that you could start to see stimulus measures and that's why gold and silver ticked up.

"I think with gold, we can realistically get back up to $1,250 an ounce in 2017, Equity markets were possibly due for a correction.

Equity markets in the U.S. were higher on Tuesday, with the Dow Jones Industrial Average resuming its climb towards 20,000 and the NASDAQ hitting a record. gains were limited by a strong dollar. The dollar rose against the yen and euro after stronger-than-expected U.S. housing data and expectations for a hawkish Federal Reserve. The U.S. currency surged to a 14-year high against a basket of major currencies .DXY earlier this month after the Federal Reserve boosted the number of projected interest rate hikes for 2017. A firm dollar curbs demand for commodities priced in the greenback by making them more expensive for holders of other currencies. "People are waiting until Trump becomes the U.S. president and until we see his real policies or what he will do when he takes office. "People are just watching the other markets like dollar and stock markets and kind of expecting the stock market and financial market to be good under Trump government. In that case, people don't need gold and instead invest in stocks."

Among other precious metals, spot silver XAG= was up 1.6 percent at $ 15.965 an ounce.

Platinum XPT= gained 1.3 percent to $ 900 per ounce, snapping six straight sessions of losses. Palladium XPD= rose 2.8 percent to $674.4 an ounce, on track for its biggest one-day rise in more than a month.

Gold prices rose in Asian trade on Tuesday on light buying out of China, but trading was thin after the long Christmas weekend, even as a firm dollar capped the gains. Spot gold XAU= was up half a percent at $ 1,139.20 an ounce by 0705 GMT, after earlier edging down to $ 1,131.35. U.S. gold futures GCcv1 rose 0.6 percent to $ 1,140.20 per ounce. "It's pretty much Chinese demand at the moment, although it's very thin. The Dollar rose against the yen and euro as some investors emerged out of the holiday lull to hunt for bargains as the market entered the last trading stretch of the year. "People are waiting until Trump becomes the U.S. President and until we see his real policies or what he will do when he takes the office. "People are just watching the other markets like dollar and stock markets and kind of expecting the stock market and financial market to be good under Trump government. In that case, people don't need gold and instead invest in stocks."

The U.S. currency had climbed to a 10-month high of 118.660 yen mid-month on expectations of stronger growth after U.S President-elect Donald Trump takes office in January. A firm dollar curbs demand for commodities priced in the greenback by making them more expensive for holders of other currencies. Asian stocks were mixed on Tuesday, in thin trade and with little to guide them as most major markets were closed on Monday for Christmas holidays. Hedge funds and money managers cut their net long position in COMEX gold for a sixth straight week in the week to Dec. 20, Commodity Futures Trading Commission data showed. demand in India remained subdued last week despite a sharp fall in prices to over 10-1/2 month lows as a severe cash crunch and holidays kept buyers away from the market, while premiums in China fell from near 3-year highs touched in the prior week. Among other precious metals, silver XAG= was up 1.2 percent at $15.91 an ounce- its biggest daily rise since Dec. 12.

Platinum XPT= gained 1.3 percent to $900, snapping six straight sessions of losses. Palladium XPD=

rose nearly a percent at $662 an ounce, on track for its biggest one-day rise in two weeks.

Gold prices edged lower on Tuesday after the long Christmas weekend, as the U.S. dollar rose against the safe-haven Japanese yen.

**FUNDAMENTALS**

- Spot gold XAU= was down 0.1 percent at $ 1,132.06 an ounce by 0045 GMT.
- U.S. gold futures GCcv1 were little changed at $ 1,133.50 per ounce.
- The dollar inched up against the yen on Tuesday while the euro held to modest gains against the greenback, as the market looked to emerge out of the holiday lull and into the last trading stretch of the year.
- The dollar was up 0.2 percent at 117.29 yen JPY= .
- Asian stocks were little changed on Tuesday, in thin trade and with little to guide them as most major markets were closed on Monday for Christmas holidays, while the dollar reclaimed some of its losses from Monday.
- Japan's core consumer prices marked the ninth straight month of annual declines in November, data showed on Tuesday, suggesting that the economy still lacks enough momentum to jump-start inflation toward the central bank's ambitious 2 percent target. Hedge funds and money managers cut their net long position in COMEX gold for a sixth straight week in the week to Dec. 20, Commodity Futures Trading Commission data showed on Friday. Gold demand in India remained subdued this week despite a sharp fall in prices to over 10-1/2 month lows as a severe cash crunch and holidays kept buyers away from the market, while premiums in China fell from near 3-year highs touched in the prior week.
- Germany's Bundesbank has this year taken back more of its gold than planned as it moves toward hoarding half of the world's second-largest reserve at home. Workers at an Anglo Gold Ashanti ANGJ.J gold mine in eastern Guinea are on strike in a dispute over year-end bonuses, Saadou Nimaga, secretary general of the ministry of mines, said on Sunday. Russian state conglomerate Rostec would consider selling 25 percent in the joint venture created to develop giant Sukhoi Log gold deposit with Russia's largest gold producer. President Pedro Pablo Kuczynski proposed dredging a reservoir in a dry northern region of Peru to extract what he described as "much more gold" than what the country's biggest gold mine holds.

Gold prices edged slightly higher in abbreviated trade ahead of the holiday weekend on Friday, but the precious metal still posted its seventh straight weekly decline as expectations for higher U.S. interest rates in the months ahead weighed. Gold for February delivery on the Comex division of the New York Mercantile Exchange tacked on $ 2.90, or 0.26%, to end the week at $ 1,133.60 a troy ounce, not far from an 11-month low of $ 1,124.30 touched on December 15. For the week, gold futures slumped $ 3.80, or 0.33%, the seventh straight week of declines, its longest weekly losing streak in more than 12 years. Prices of the yellow metal have fallen sharply since Donald Trump was elected president as a soaring U.S. dollar, rising Treasury yields and a record-breaking rally on Wall Street have damped its appeal. The greenback lost some steam on Friday, slipping from its 14-year-high against a basket of currencies as investors took profits ahead of the end of the year. The dollar index dipped 0.1% to settle at 103.00 by close of trade Friday. The index climbed to 103.62 on Tuesday, the strongest level since December 2002. Market analysts warned that the outlook for gold remains cloudy in the near-term, given expectations for higher U.S. interest rates in the months ahead.

The Federal Reserve hiked interest rates for the first time in a year earlier this month and projected three more increases in 2017. The precious metal is sensitive to moves in U.S. rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar in which it is priced. Both a strong dollar and higher interest rates are typically bearish for gold, which is denominated in dollars and struggles to compete with yield-bearing assets when borrowing costs rise.

Also on the Comex, silver futures for March delivery shed 11.2 cents, or 0.7%, on Friday to settle at $ 15.75 a troy ounce, within sight of an eight-month low of $15.67 logged on Tuesday. On the week, silver lost 29.6 cents, or 2.8%. Meanwhile, platinum dropped 1.55%, to $ 893.20, marking a weekly decline of 3.7%, while palladium slumped 0.3% to $ 654.85 an ounce, notching a weekly loss of 6.1%.

Elsewhere in metals trading, copper for March delivery dipped 2.0 cents, or 0.82%, on Friday to end at $ 2.479 a pound, booking a weekly slide of around 3.5%. In the week ahead, trading volumes are expected to remain light due to the Christmas holiday and as many traders already closed books before the end of the year, reducing liquidity in the market and increasing the volatility. The U.S. is to release reports on consumer confidence, pending home sales and jobless claims, as traders look for further indications on the strength of the economy and hints on the future path of monetary policy. Ahead of the coming week.

**Monday, December 26**

Stock markets in Australia, New Zealand, Europe, the U.K., Switzerland, Canada and the U.S. will remain closed, to make up for Christmas Day falling on a Sunday.

All floor trading for precious and base metals options will be shut for the Christmas holiday.

**Tuesday, December 27**

Markets in the U.K. and Canada will remain closed for Boxing Day.

The U.S. is to release private sector data on consumer confidence. ( Actual 113.7 Expected - 109 Previous 107.4 )

**Wednesday, December 28**

The U.S. is to release data on pending home sales.

**Thursday, December 29**

The U.S. is to produce data on weekly jobless claims, wholesale inventories and the trade deficit.

**Friday, December 30**

The U.S. is to round up the week with data on manufacturing activity in the Chicago-region.

## ✍ ENERGY

Oil futures finished with modest losses in the final trading session of 2016 on Friday, but scored the biggest annual gain since 2009 in wake of the landmark deal reached by the Organization of the Petroleum Exporting Countries and several non-OPEC members to reduce their output. On the ICE Futures Exchange in London, Brent oil for March delivery ticked down 3 cents, or less than 0.1%, to settle at $56.82 a barrel by close of trade Friday, not far from a 17-month high of $57.89 touched on December 12. London-traded Brent futures logged a gain of $1.66, or around 2.9%, on the week. The global benchmark saw an annual rise of 52%, which was its largest yearly rise since 2009.

Elsewhere, on the New York Mercantile Exchange, crude oil for delivery in February dipped 5 cents, or about 0.1%, to end the week at $53.02 a barrel, within sight of a one-and-a-half-year peak of $54.51 logged on December 12. For the week, New York-traded oil futures added 70 cents, or 1.3%. On a most-active basis, the U.S. benchmark futures contract saw a nearly 45% calendar-year rise, also its best year since 2009. Trading remained tepid ahead of the New Year holiday. Global oil markets will be closed Monday. Oil recovered sharply from its February bottom, when prices traded at a 13-year low of around $26-per-barrel, thanks to an agreement by global oil producers to curb production for the first time in eight years. OPEC members agreed to lower production by a combined 1.2 million barrels per day starting from January 1, their first such deal since 2008. The pact was followed by an agreement from 11 non-OPEC producers, led by Russia, to reduce their supplies by 558,000 barrels a day. The deal, if carried out as planned, should reduce global supply by about 2%. However, some traders remain skeptical that the planned cuts will be as substantial as the market currently expects. There are also some worries in the market about production increases in Libya and Nigeria, which are both allowed to ramp up production as part of the OPEC deal.

Meanwhile, indications of increased drilling activity in the U.S. remained in focus. Oilfield services provider Baker Hughes said late Friday that the number of rigs drilling for oil in the U.S. last week increased by 2 to 525, the ninth straight weekly rise and a level not seen in almost a year. Some analysts have warned that the recent rally in prices could be self-defeating, as it encourages U.S. shale producers to drill more, adding to concerns over a global supply glut. Oil prices will gradually rise towards $60 per barrel by the end of 2017, a Reuters' poll showed on Thursday, with further upside capped by a strong dollar, a likely recovery in U.S. oil output and possible non-compliance by OPEC with agreed cuts.

Elsewhere on Nymex, gasoline futures for February shed 0.8 cents, or 0.5% to $1.670 a gallon. Gasoline ended a three-year streak of annual declines with a 31.4% rise, its biggest annual percentage jump since 2009. February heating oil gained 0.8 cents, or 0.5%, to finish at $1.728 a gallon. For the year, the fuel advanced nearly 55%, its largest one-year percentage gain since 2007. Natural gas futures for February delivery settled 7.8 cents, or 2%, lower at $3.724 per million British thermal units. Natural gas rose nearly 12% in December, aided in part by forecasts for colder-than-normal weather in parts of the U.S. For the year, natural gas's 59.4% annual rise was the strongest in 11 years. In the week ahead, market participants will eye fresh weekly information on U.S. stockpiles of crude and refined products on Wednesday and Thursday to gauge the strength of demand in the world's largest oil consumer. This week's reports come out one day later than usual. Oil traders will also continue to pay close attention to comments from global oil producers for further evidence that producers will stick to their agreement to cut production next year. Ahead of the coming week, Investing.com has compiled a list of these and other significant events likely to affect the markets.

**Monday, January 2**

Oil markets will remain closed for the New Year's holiday.

**Wednesday, January 4**

The American Petroleum Institute, an industry group, is to publish its weekly report on U.S. oil supplies.

**Thursday, January 5**

The U.S. Energy Information Administration is to release weekly data on oil and gasoline stockpiles.

A separate weekly report on natural gas supplies in storage is also due.

**Friday, January 6**

Baker Hughes will release weekly data on the U.S. oil rig count.

**O**il prices are on track for their biggest annual percentage gain since 2009 on the back of an agreement struck between OPEC and non-OPEC countries to cut crude production output. U.S. benchmark West Texas intermediate crude futures were up 15 cents or 0.3 percent at $53.92 at 0408 GMT. Brent front-month March crude oil futures were 14 cents a barrel or 0.3 percent higher at $56.99. Brent futures have risen about 53 percent this year while WTI futures have climbed around 46 percent. The 2016 gains in the oil market were the best since the 2009 rally, when Brent and WTI rose 78 percent and 71 percent respectively. In a sign that producers are adhering to an agreed production cut, Oman notified some of its term customers that it will cut term allocations by 5 percent in March, but did not state if the reduction in supply would continue after that. The market also shrugged off an unexpected increase in U.S. crude inventories , which rose 614,000 barrels in the week to Dec. 23, U.S. Energy Information Administration data showed. Analysts had expected a decrease of 2.1 million barrels in the period. Still, the rise in crude stocks in the EIA data was significantly smaller than in Wednesday's American Petroleum Institute data that indicated a 4.2 million barrel build in U.S. crude oil stocks in the same period. "Today's Department of Energy report was positive for light products due to draws in gasoline and distillate inventories compared to consensus' build expectations. Gasoline stocks fell 1.6 million barrels, compared with analysts' expectations in a Reuters poll for a 1.3 million-barrel rise. The market is likely to have focused on the surprise draw in product stocks and taken a slightly more bullish view towards the WTI contract, traders said. Oil prices will gradually rise towards $ 60 per barrel by the end of 2017, a Reuters poll showed on Thursday, with further upside capped by a strong dollar, a likely recovery in U.S. oil output and possible non-compliance by OPEC with agreed cuts.

The price for crude oil and Brent oil dropped on Thursday, based on surprise reports of higher-than-expected inventories. The Energy Information Administration, a division of the U.S. Department of Energy, reported today that oil inventories increased for the week ending December 16. The price of crude oil settled at $ 53.74 today, a decrease of 25 cents per barrel. That was a decrease of 0.46%. The price of Brent oil settled at $ 56.14 today, a drop of eight cents per barrel. That was a decline of 0.14%. Analysts said that though some analysts had been forecasting a $ 60 per barrel price, that does not appear to be possible for the short-term. Traders are expected a balance to return to the market by the middle of 2017, however, as OPEC's production cuts take full effect. However, there are factors beyond the control of OPEC that could impact the price of oil. Shale production is ramping up in the U.S., and lower-cost, synthetic oil blends could drive down the price that OPEC is seeking to boost. A report by Ritterbusch & Associates said there is a "high probability" that U.S. shale production will break the OPEC production pact. Meanwhile, the price of natural gas is surging, as a strong winter weather batters the U.S.

Oil prices edged lower in Pre-New Year holiday trade on Thursday, as the market awaited the release of weekly supply data on U.S. crude stockpiles. U.S. crude fell 8 cents, or 0.15%, to $ 53.98 at 07:54 ET. Brent crude was little changed at to $ 57.13 The U.S. Energy Information Administration will release its weekly report on oil supplies at 11:00AM ET Thursday, amid analyst expectations for a decline of 2.0 million barrels. The report comes out one day later than usual due to the holidays.

After markets closed Wednesday, the American Petroleum Institute said that U.S. oil inventories rose by 4.2 million barrels in the week ended December 23. Losses were limited amid optimism over planned output cuts by major global oil producers scheduled to kick in on January 1.

U.S. oil prices fell on Thursday after an industry report showed a surprise build in the country's crude inventories, while Brent futures came off early lows to trade marginally higher. U.S. benchmark West Texas intermediate CLc1 futures were down 20 cents, or 0.37 percent, at $ 53.86 per barrel as of 0354 GMT after settling 16 cents higher at $ 54.06 in the previous session. Brent futures LCOc1 were 3 cents, or 0.05 percent, higher at $ 56.25 a barrel after falling 21 cents in early trade. They had settled 13 cents higher at $ 56.22 in the previous session.

Trade is expected to remain thin for the rest of the week as most investors are away for year-end holidays, although the expiry of the front-month February ICE Brent contract on Thursday could see some activity in the contract. "Most investors have vested interest to keep prices high because it looks nice on the balance sheet when books close at the end of the year," Data released by the American Petroleum Institute late on Wednesday showed a 4.2 million barrel build in U.S. crude stocks in the week to Dec. 23, while analysts polled ahead of the weekly inventory reports had forecast, on average, that inventories would decline 2.1 million barrels. EIA/S a committee of OPEC Non-OPEC producers responsible for monitoring compliance with a production cut agreement will meet in Vienna on Jan. 21-22, Kuwaiti oil minister Essam Al-Marzouq told state news agency KUNA, in a sign that the output cut deal is likely to be adhered to. will be more positively impacted by the OPEC and non-OPEC cuts should the agreed reductions be largely adhered to over the next six months," WTI-Brent Spread will continue to widen should the OPEC and Non-OPEC market rebalancing initiative works out and North American Shale production continue to pick up.

U.S. oil prices fell on Thursday following a surprise build in the country's crude stocks shown in data published by the American Petroleum Institute late on Wednesday. U.S. benchmark West Texas intermediate CLc1 crude futures were down 39 cents or 0.72 percent to $ 53.67 at 0033 GMT after settling up 16 cents at $ 54.06 per barrel in the previous session. Brent crude oil futures LCOc1 had yet to trade after settling 13 cents higher at $ 56.22 in the previous session. Trade remains thin as most investors are away for year-end holidays. The 4.2 million barrel build in U.S. crude oil stocks shown in the API data came as a surprise. Analysts polled ahead of the weekly inventory reports had forecast, on average, that crude stocks would decline 2.1 million barrels in the week to Dec. 23. Instead, crude stocks rose last week as refiners cut output, amid a drawdown in gasoline and distillate inventories. Refinery crude runs fell by 604,000 barrels per day, API data showed. a potential sign that an output production cut is likely to be adhered to, the committee of OPEC and non-OPEC producers responsible for monitoring compliance with the production cut agreement will meet in Vienna on Jan. 21-22, Kuwaiti oil minister Essam Al-Marzouq told state news agency KUNA.

Crude oil prices edged up for a fourth consecutive session on Wednesday, close to their highest levels since mid-2015, ahead of U.S. oil inventory figures and as the market awaits evidence of OPEC supply reductions in the new year. U.S. benchmark West Texas Intermediate crude oil futures CLc1 settled 16 cents higher at $ 54.06 a barrel, not far from the year's high of $ 54.51 reached on Dec. 12. Brent crude futures LCOc1 ended up 13 cents at $ 56.22 a barrel. The international benchmark hit $ 57.89 on Dec. 12, its highest since July 2015. Oil prices have gained 25 percent since mid-November, helped by expectations for OPEC's supply cut and solid U.S. economic figures that have also bolstered equity prices. Trading was thin, with just 294,000 front-month futures contracts changing hands, compared with a daily average of 525,000 over the last 200 days. It is expected to remain quiet for the balance of the week. Analysts polled ahead of weekly inventory reports from industry group the American Petroleum Institute and the U.S. Department of Energy's Energy Information Administration forecast, on average, that crude stocks declined 2.1 million barrels in the week to Dec. 23. The API data will be released on Wednesday at 4:30 p.m. EST , while the EIA report has been rescheduled to Thursday at 11 a.m. EST , following the federal holiday on Monday because of the Christmas holiday. The market is taking a wait-and-see approach to the official start of the landmark deal reached by the Organization of the Petroleum Exporting Countries and several non-OPEC members to reduce their output. The deal is set to kick in from Jan. 1. and non-OPEC producers are expected to lower production by almost 1.8 million barrels per day, with Saudi Arabia, OPEC's largest producer, agreeing to bear the lion's share of the cuts.

Oil prices edged down on Wednesday in quiet early Asian trading as the market waits to see how OPEC and non-OPEC members carry through on planned supply cuts in the new year. U.S. benchmark West Texas Intermediate CLc1 crude futures were down 13 cents at $ 53.77 at 0021 GMT after settling up 88 cents at $ 53.9 a barrel in the previous session. WTI prices have risen 25 percent since mid-November. International Brent crude oil futures LCOc1 were yet to trade after closing 93 cents higher at $ 56.09. Trading is expected to remain thin this week ahead of the New Year holiday season. The market is taking a wait-and-see approach on the official start of the landmark deal reached by the Organization of Petroleum Exporting Countries and several non-OPEC members. The deal is set to kick in from Jan. 1. and non-OPEC producers are expected to lower production by almost 1.8 million barrels per day , with Saudi Arabia, OPEC's largest producer, agreeing to bear the lion's share of the cuts. In a sign that the world's oil major producers may abide by their agreement, Venezuela, one of the members of the oil cartel group, said it will cut 95,000 barrels per day of oil production in the New Year. oil producer Gazprom Neft SIBN.MM said it planned to boost oil output by 4.5-5 percent next year, less than it had intended before Russia, one of the non-OPEC member countries, joined a deal to erode a global supply overhang.

Oil prices firmed in light trade on Tuesday as investors looked ahead to the implementation of planned output cuts by global producers, which is due to kick in on January 1. Brent crude added 3 cents, or 0.05%, to $ 55.93 at 07:58 ET. U.S. crude gained 15 cents, or 0.28%, to $53.17.

OPEC members agreed to reduce output by a combined 1.2 million barrels per day starting from January 1, their first such deal since 2008. The pact was followed by an agreement from 11 non-OPEC producers, led by Russia, to cut their supplies by 558,000 barrels a day, bringing the total to almost 1.8 million barrels per day. However, some traders remain skeptical that the planned cuts will be as substantial as the market currently expects.

U.S. oil prices extended gains on Tuesday in post-Christmas trading, as OPEC and non-OPEC members are set to start curbing output in less than a week to support oil prices. NYMEX crude for February delivery CLc1 was up 16 cents at $ 53.18 a barrel by 0002 GMT, after closing up 7 cents at a 17-month high on Friday. London Brent crude for February delivery LCOc1 was yet to trade after settling up 11 cents at $ 55.16 a barrel on Friday. Oil markets were closed on Monday after Christmas holiday. Oil has been supported in the past several weeks as the Organization of Petroleum Exporting Countries and non-OPEC members have agreed to lower output by almost 1.8 million barrels per day from Jan. 1.

Libya's oil production rose slightly to 622,000 barrels a day on Monday, as an armed faction agreed to lift a two-year blockade on major western pipelines, the National Oil Corporation said. It said it could add 270,000 bpd within three months. U.S. Department of Energy expects to begin sales of roughly 8 million barrels of sweet crude from the country's emergency oil reserve in early to mid-January, according to a notice sent to potential bidders and seen by Reuters on Friday. oil exports would rise by almost 5 percent this year to 253.5 million tonnes and a "slight" increase was expected next year, Deputy Energy Minister Kirill Molodtsov said on Monday. end-November crude oil stocks fell 1.55 percent from the previous month to 29.89 million tonnes as domestic output shrank and winter demand grew, data from the official Xinhua news agency showed. Diesel inventories slid to a record low. Sonatrach will drill 290 wells in 2017 in comparison with 265 in 2016, the head of the oil and gas giant's drilling division told Reuters late on Friday. funds boosted bullish bets on U.S. crude oil for a third week in a row to a near 2-1/2 year high, data showed on Friday, on signs that OPEC and other producers will stick to a deal to cut output.

Oil futures finished slightly higher in a holiday-shortened session on Friday, remaining within sight of a one-and-a-half-year peak as market participants awaited further clarity on whether major crude producers will stick to their promise to pull back on output in the new year. On the ICE Futures Exchange in London, Brent oil for February delivery ticked up 11 cents, or 0.2%, to settle at $ 55.16 a barrel by close of trade Friday, not far from a 17-month high of $ 57.89 touched on December 12.

London-traded Brent futures logged a loss of 5 cents, or 0.1%, on the week, in thinning trading ahead of the year-end holiday period. Elsewhere, on the New York Mercantile Exchange, crude oil for delivery in February tacked on 7 cents, or 0.13%, to end the week at $ 52.95 a barrel, within sight of a one-and-a-half-year peak of $ 54.51 logged on December 12. For the week, New York-traded oil futures added 7 cents, or about 0.1%. Oil traders were hesitant to make significant moves ahead of the year-end as they waited to see how OPEC would manage its planned output cuts. OPEC members agreed to lower production by a combined 1.2 million barrels per day starting from January 1, their first such deal since 2008. The pact was followed by an agreement from 11 non-OPEC producers, led by Russia, to reduce their supplies by 5,58,000 barrels a day. However, some traders remain skeptical that the planned cuts will be as substantial as the market currently expects. There are also some worries in the market about production increases in the U.S. and Libya. Oilfield services provider Baker Hughes said late Friday that the number of rigs drilling for oil in the U.S. last week increased by 13 to 523, the eighth straight weekly rise and a level not seen in almost a year. Some analysts have warned that the recent rally in prices could be self-defeating, as it encourages U.S. shale producers to drill more, adding to concerns over a global supply glut. Meanwhile, Libya, which is allowed to ramp up production as part of the OPEC deal, announced the reopening of pipelines leading from two major fields. Libyan officials said the restarting of the oilfields and a connected pipeline could bring back around 270,000 barrels a day over the next three months. Elsewhere on Nymex, gasoline futures for January added 2.2 cents, or 1.4% to $ 1.626 a gallon, putting in a weekly gain of 4.4%, while January heating oil gained 0.2 cent, or 0.1%, to finish at $1.662 a gallon, marking a weekly decline of 0.6%. Natural gas futures for January delivery settled 12.4 cents, or 3.5%, higher at $ 3.662 per million British thermal units, and registered a 7.2% weekly rise, as a cold snap in the U.S. boosted demand.

In the week ahead, trading volumes are expected to remain light due to the Christmas holiday and as many traders already closed books before the end of the year, reducing liquidity in the market and increasing the volatility. Meanwhile, market participants will eye fresh weekly information on U.S. stockpiles of crude and refined products on Wednesday and Thursday to gauge the strength of demand in the world’s largest oil consumer. This week's reports come out one day later than usual.

Oil traders will also continue to pay close attention to comments from global oil producers for further evidence that producers will stick to their agreement to cut production next year. Ahead of the coming week, Investing.com has compiled a list of these and other significant events likely to affect the markets.

**Monday, December 26**

Oil markets will remain closed for the Christmas holiday.

**Wednesday, December 28**

The American Petroleum Institute, an industry group, is to publish its weekly report on U.S. oil supplies.

**Thursday, December 29**

The U.S. Energy Information Administration is to release weekly data on oil and gasoline stockpiles.

**Friday, December 30**

Baker Hughes will release weekly data on the U.S. oil rig count.

**BASE METAL’S OUTLOOK :**

**BASE METAL GUIDE -**

**Trading Ideas:**

- Nickel trading range for the day is 671.9-699.3.
- Nickel dropped as pressure seen weighed by any relaxation in Indonesia’s export ban on nickel ore.
- The Philippine Department of Environment and Natural Resources is reviewing environmental compliance certificates granted by previous governments.
- China’s nickel imports lurched lower by 38.8 per cent to 16,919 tonnes.

## ✍ ZINC

- Zinc trading range for the day is 166.7-177.5.
- Zinc on MCX settled down -3.13% at 170.45 slipped as profit-taking set in after previous gains.
- Sentiments also dropped as China's demand for the metal is expected to slow down in the course of 2017.
- Technically market is under long liquidation as market has witnessed drop in open interest by -32.17% to settled at 2380.
- Zinc Settled Down -3.13% As Profit-Taking Set In After Previous Gains

## ✍ COPPER

- Copper trading range for the day is 369.7-382.9.
- Copper dropped as markets fretted about the higher dollar and the potential for a liquidity crunch in top consumer China.
- Copper broke above $6,000 a tonne in November after Donald Trump won the U.S. presidential election and boosted hopes of infrastructure spending and higher consumption.
- Technically market is under long liquidation as market has witnessed drop in open interest by -1.56% to settle at 14217.
- Copper Dropped As Markets Fretted About The Higher Dollar.

**BASE METAL**

## ✍ Nickel

Nickel prices dropped 2.12 per cent to Rs 691 per kg in futures trade on Monday as traders cut down their bets. At Multi Commodity Exchange, nickel for delivery for current month was trading Rs 15, or 2.12 per cent, down at Rs 691 per kg in a business turnover of 1,723 lots. The metal for delivery in January next year too fell by a similar margin to trade at Rs 696.70 per kg in a turnover of 197 lots. Analysts said the fall in nickel prices in futures trade is mostly attributed to a weakening trend in base metals at the domestic spot markets due to slackened demand from consuming industries, particularly alloy-makers.

Nickel prices moved up by Rs 3 to Rs 701.60 per kg in futures market after speculators widened positions, tracking a firming trend in spot market on increased demand from alloy-makers. At the

Multi Commodity Exchange, nickel for delivery in January 2017 gained Rs 3, or 0.43 per cent, to Rs 701.60 per kg in business turnover of 38 lots. In a similar manner, the metal for delivery in current month rose by Rs 2.60, or 0.38 per cent, to Rs. 694.80 per kg in 259 lots. Market analysts said apart from increased domestic demand from alloy-makers and other consuming industries,covering-up of short positions by speculators ahead of monthly expiry, influenced nickel futures here.

Nickel futures traded 0.75 per cent lower at Rs 724.30 per kg today amid a weakening trend at the London Metal Exchange and sluggish demand from alloy-makers in the domestic spot market. At the Multi Commodity Exchange, nickel for delivery in current month shed Rs 5.50, or 0.75 per cent, to Rs 724.30 per kg in a business turnover of 330 lots. Metal for delivery in January 2017 was also trading lower by Rs 4.80, or 0.65 per cent, at Rs 730.40 per kg in a turnover of 63 lots. Market analysts said that the fall in nickel prices at futures trade was mostly in tune with a weak trend at LME as most industrial metals retreated amid subdued demand from alloy-makers at domestic spot markets.

## ✍ Lead

Lead futures traded higher by 0.73 per cent to Rs 138.65 per kg as participants built up fresh positions, supported by a firm trend at the domestic spot markets on increased demand from domestic battery-makers. In futures trading at Multi Commodity Exchange, lead for delivery in January 2017 traded higher by Re 1, or 0.73 per cent, at Rs 138.65 per kg, with a turnover of one lots. Metal for delivery in December also rose by 55 paise, or 0.40 per cent to trade at Rs 138.20 per kg in 127 lots. Marketmen said rising demand in the domestic spot markets from domestic battery-makers mainly supported the upside in lead futures here but absence of cues from global markets capped the gains.

Continuing its losing streak for the fifth straight day, lead prices drifted further down by 0.63 per cent to Rs 143 per kg in futures market as participants engaged in reducing their positions amid low demand from consuming industries at spot market. At the Multi Commodity Exchange, lead for delivery in December month fell 90 paise, or 0.63 per cent to Rs 143 per kg in business turnover of 139 lots. Likewise, the metal for delivery in January contracts traded lower by 65 paise, or 0.45 per cent to Rs 143.90 per kg in 1 lot. Analysts said that cutting down of positions by traders due to sluggish demand from battery-makers at the domestic spot markets, mainly kept lead prices lower at futures trade.

## ✍ Base Metals

LME base metals traded lower last week except copper which rose by around 1.2 percent as thin volumes in the last trading week coupled with expectations of stronger DX hurt prices. MCX base metals traded lower yesterday in line with international trends.

## ✍ Copper

Last week, LME Copper prices rose by 1.2 percent as decline in LME inventories for the sixth day in a row pulled the stocks down by around 4 percent to 328,350 tonnes. The US consumer confidence index climbed to 113.7 in December, up from 109.4 in November and the highest since it reached 114 in August 2001.

In a major development, City and regional governments last Friday shut thousands of plants in China's Hebei province that surrounds Beijing to Shandong southeast of the capital, to combat smog. MCX copper prices traded higher by 1 percent to close at Rs.376.8 per kg.

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## ✍ MENTHA OIL

Amid pick up in demand at the domestic spot market and restricted supplies from producing regions, mentha oil prices were up 0.65 per cent to Rs 1,011.80 per kg in futures trade today as participants built up fresh positions. At the Multi Commodity Exchange, mentha oil for delivery in December went up by Rs 6.50, or 0.65 per cent, to Rs 1,011.80 per kg, in a business turnover of 65 lots. Likewise, the oil for delivery in January 2017 traded higher by Rs 2.90, or 0.29 per cent, to Rs 1,018.30 per kg in 97 lots. Analysts said fresh positions created by speculators, driven by pick up in demand from consuming industries in the spot markets against restricted supplies from Chandausi led to the rise in mentha oil prices in futures trade.

## ✍ SUGAR

Sugar prices rose by 0.33 per cent to Rs 3,620 per quintal in futures trading on Friday as speculators built up fresh positions amid pick-up in demand in the spot market.  At the National Commodity and Derivatives Exchange, sugar for delivery in far-month March 2017 was trading higher by Rs 12, or 0.33 per cent, to Rs 3,620 per quintal, with an open interest of 4,460 lots. Analysts said, building up of positions by speculators on the back of upsurge in demand at the spot markets mainly attributed the rise in sugar prices at futures trade.

## ✍ CRUDE PALM OIL

Crude palm oil prices declined by another 1.22 per cent to Rs 552.50 per 10 kg in futures today as participants engaged in reducing their positions, taking negative cues from spot market on sluggish demand. Moreover, sufficient stocks following higher supplies from the producing belts too fuelled the downtrend. At the Multi Commodity Exchange, crude palm oil for delivery in January moved down by Rs 6.80, or 1.22 per cent, to Rs 552.50 per 10 kg, in a business turnover of 641 lots. Likewise, the oil for delivery this month weakened by Rs 4.80, or 0.85 per cent, to Rs 559 per 10 kg in 299 lots. Market analysts said offloading of positions by traders due to muted demand in the spot market against adequate stocks position on increased supplies mainly kept crude palm oil prices lower at futures trade.

## ✍ REFINED SOYA OIL

Continuing its falling streak for the third straight day, refined soya oil prices moved down by 1.11 per cent to Rs 703.70 per 10 kg in futures market as participants engaged in offloading their positions, tracking a weak trend at spot market on tepid demand. Besides, adequate stocks position on increased supplies from producing regions also weighed on prices. At the National Commodity and Derivatives Exchange, refined soya oil for delivery in February drifted lower by Rs 7.90, or 1.11 per cent, to Rs 703.70 per 10 kg, with an open interest of 26,220 lots. Similarly, the oil for delivery in January declined by Rs 7.65, or 1.07 per cent, to Rs 706.20 per 10 kg in 50,900 lots. Analysts said trimming of positions by traders on the back of subdued demand in the spot market against ample stocks position, mainly kept refined soya oil prices down at futures trade.

## ✍ SOYBEAN

Soybean futures closed higher last week due to lower level buying by the market participants but higher production estimate by SOPA and steady arrivals kept the prices range bound in the later part of the last week. CBOT soybean futures closed lower on Friday due to forecasts for rain in Argentina which may increase world soybean production. The harvest of early soybeans is under way in Brazil's Mato Grosso. As per USDA report, world soybean production raised by 1.9 mt in December to 338 mt compared to 336.1mt last month on higher projected yields for India and Canada.

## ✍ REFINE SOY OIL

Refined soy oil futures closed higher last week due to good physical demand and improved soybean prices in the domestic market. The tariff value of crude soyoil was drop by $ 20 per tonnes to $ 892 for first fortnight of January, the first reduction in three months by the government. As per SEA data, India import of soybean oil declined to 1,64,286 tonnes in Nov from 2,56,836 tonnes in the year-ago period .

## ✍ CRUDE PALM OIL

CPO Futures closed higher last week tracking international prices and good domestic demand. The stocks in the domestic market are sufficient and the demand from the stockists has improved. Malaysian palm oil futures posted for the strongest annual gain since 2010 as crude palm oil market underpinned by weaker ringgit and tight supplies boost market bullish sentiment for 2016. Malaysia's palm oil exports during December 1 to 25 fell 7.5% compared with Nov. Indonesia would set its crude palm oil export tax at US$ 3 per tonne in January, after keeping the tax at zero for two months.

## ✍ SUGAR

Sugar Futures closed higher last week as output for the next season is expected to be lower than the consumption demand. Moreover, firm mill tender rates also indicate a renewed demand from the stockists and bulk buyers. The country is likely to produce 23.4 mt sugar in 2016/17, down about 7% from a year earlier as back-to-back droughts ravaged cane crops in the top producing western state of Maharashtraand Karnataka. Raw sugar futures on ICE Futures climbing to the highest level in more than two weeks on growing expectations that India's crop may be smaller than expected. Sugar got a further boost on signs that production in top grower Brazil continues to wind down. Brazil's main center-south cane belt produced 362,000 tonnes of sugar in the first half of December compared with 1.13 mt in the previous two-week period, according Unica.

## ✍ COTTON / KAPAS

Cotton complex traded higher last week on reports that the cotton corporation goes for purchase of the cotton to ensure supplies for the textile mills during the off-season. As per latest release by CAI, the total supplies of cotton in the domestic market during 2016/17 will be lower at 408 lakh bales compared to last year supplies of 427 lakh bales due less carry over stock and imports. As per USDA latest report, the global 2016/17 forecasts show higher production (22.7 mt Vs 22.5 mt)and increased ending stocks (19.4 mt Vs 19.2 mt) compared with last month. Production is raised for Australia(0.87 mt Vs 0.98 mt), the US (3.6mt Vs 3.6 mt), and others (3.65mt Vs 3.63 mt). Consumption is reduced for India, the United States, and South Korea, and raised for China and Vietnam.


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