INSIDE METALS

Monday, July 15, 2013

CHART OF THE DAY

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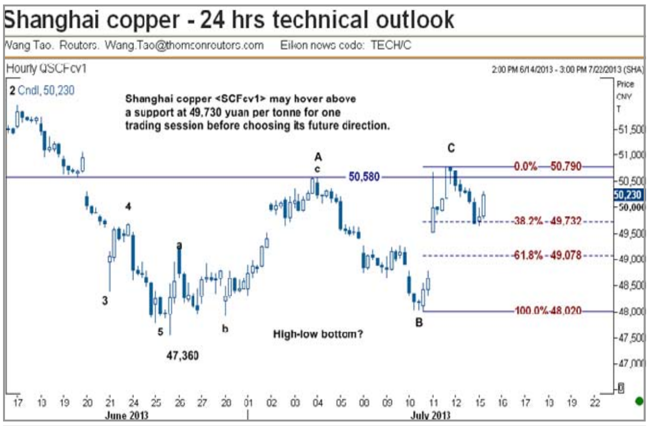

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FEATURE

COLUMN-Metal price bust sees LME volumes boom

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Andy Home is a Reuters columnist. The opinions expressed are his own

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TODAY'S MARKETS

BASE METALS: London copper steadied after data from China showed the slowdown in the world's top consumer of most commodities was not as bad as some investors had feared, while focus shifted to U.S. Federal Reserve policy testimonials later this week.

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PRECIOUS METALS: Gold extended gains after posting its biggest weekly percentage increase in nearly two years, as fears eased that the U.S. Federal Reserve would wind down its stimulus programme early.

"People are still buying after Bernanke's assurance," said a Hong Kong-based trader. "They were expecting the tapering (in stimulus) to begin in September but now they think there is a possibility of it happening only next year."

FOREX: The Australian dollar climbed after China's second-quarter economic growth matched market expectations, easing worries that the world's second-largest economy could be slowing faster than expected.

The data did not have too much effect on other major currencies with both the greenback and euro largely steady in Asian trade.

"The Australian dollar rose since there had been fears that the number might come in lower. But at the same time, the data wasn't spectacularly good either," said Satoshi Okagawa, senior global markets analyst for Sumitomo Mitsui Banking Corporation (SMBC) in Singapore.

FEATURE

COLUMN-Metal price bust sees LME volumes boom

By Andy Home

LONDON, July 12 (Reuters) - It's not been a good year for industrial metal bulls with markets such as nickel and aluminium languishing at multi-year lows.

But bust metal prices have been decidedly good news for the London Metal Exchange (LME).

LME volumes hit three consecutive monthly records over the course of the second quarter, boosting year-on-year growth from 1.4 percent (unadjusted for working days) in the first quarter to 9.1 percent (both adjusted and unadjusted) in the first half of 2013.

The turnover figures will no doubt make happy reading for Hong Kong Exchanges and Clearing (HKEx) , given the huge investment it has made in purchasing the LME.

But the LME's first-half performance wasn't uniformly positive and it is clear that a couple of the LME contracts, particularly some of the newer ones, are struggling to gain traction.

LOW PRICES, HIGH VOLUMES...BUT NOT IN CHINA

The LME's nickel contract recorded the highest year-on-year growth at 23 percent.

That won't surprise anyone who has recently been keeping track of nickel open interest , currently at record highs.

LME inventories have ballooned and all that metal needs to be financed.

The nickel price is back at levels last seen in 2009, generating hedging interest from consumers and producers alike. It's noticeable, for example, that nickel options turnover rocketed by 70 percent year-on-year in the first half of this year.

And low prices have also attracted the attention of black-box funds, looking to ride the downwards momentum. Indeed, there are several analysts now calling for a sharp correction in the nickel price on the basis of over-extended collective short positioning by the CTA community.

The link between low prices and resulting trading interest is equally evident in most of the LME's other major contracts.

Aluminium, for example, saw volumes surge by 14 percent, likely reflecting the same combination of financing, industrial hedging and speculative black-box interest.

Interestingly, though, low prices have generated a different outcome in China.

Base metal volumes on the Shanghai Futures Exchange (SHFE) in the first six months of the year ranged from unchanged (copper) to a 43-percent fall (zinc).

SHFE zinc has previously been a favourite among retail investors because of its relatively low entry price. Evidently, it's a community that largely views metals investment through a long-only prism, beating a retreat at times of weak pricing.

DISCONNECTS AND DELIVERY PROBLEMS

At the other end of the LME first-half performance scale lie the two aluminium alloy contracts, the North American one (NASAAC) seeing volumes fall by 14 percent and that for the rest of the world recording an even steeper 26-percent decline.

This may reflect the well-publicised disconnect between secondary aluminium and primary metal pricing, a yawning gap that has occasioned public criticism of the LME by the North American Die Casting Association.

The LME may take some comfort from the fact that volumes for both alloy products improved significantly in June itself, a month that saw depleted LME NASAAC stocks rebuilt.

The LME's steel billet contract continues to contract. Volumes have been steadily declining since the start of 2012.

The contract's delivery issues are well known [ID:nL5E8MS8U9] and the exchange's only foray so far into the ferrous space looks like becoming an also-ran in the exchange race to tap rising price management demand in the steel sector.

Another struggling contract is molybdenum with volumes down 8 percent in the first half of 2013 following a 10-percent decline last year.

The contrast with the LME's cobalt contract, launched at the same time, is stark. Cobalt volumes grew by 21 percent in January-June 2013, a growth rate only outstripped by the nickel contract.

NEW PRODUCTS

Cobalt is one of the few successes of the LME in terms of new products.

Others have fared less well.

LME minis, miniature five-tonne versions of the main 25-tonne contracts, have all but disappeared. The last trade was in May 2011.

Nor have the Singapore versions, traded on the Singapore Exchange (SGX), done any better. The copper one hasn't traded so far this year, while cumulative volume for the aluminium and zinc minis has been just 42 lots.

Even the CME's equivalent copper product, previously the most successful such base metals offering, is struggling. Volumes fell by 12 percent last year and were down another 9 percent in the first half this year.

It poses an interesting challenge for HKEx, given chief executive Charles Li's strong hints that it is interested in smaller, monthly, cash-settled contracts.

Particularly since the LME's own monthly average rate swaps are also finding industry traction elusive.

Launched in January last year cumulative volumes have declined by 67 percent to 3,651 contracts so far this year.

But at least there's gold.

FEATURE *(Continued)*

One surprise development in the LME's turnover story has been its over-the-counter clearing of bullion.

Launched in a blaze of publicity a couple of years ago, the offering seemed destined to go the way of other exchange non-starters such as the LME Index contract.

But after clearing 100 lots in December last year, volumes in the first half of this year have grown to 6,300 lots.

Patience, it seems, is a virtue for exchanges as well as the rest of us.

Maybe there's hope for that molybdenum contract after all.

--Andy Home is a Reuters columnist. The opinions expressed are his own--

GENERAL NEWS

China's GDP growth slows to 7.5 pct, tests reform push

By Langi Chiang and Jonathan Standing

BEIJING, July 15 (Reuters) - China's GDP growth slowed in the second quarter to 7.5 percent year-on-year as weak overseas demand weighed on output and investment, lining up a test of Beijing's resolve to revamp the world's second-biggest economy in the face of deteriorating data.

Other figures showed industrial output in June rising slightly less than forecast compared with a year earlier, but retail sales increasing more than had been expected.

The latest year-on-year economic growth reading compared with the median forecast in a Reuters poll of 7.5 percent and showed the pace of economic activity easing from 7.7 percent annual growth in January-March.

"These figures are not surprising, adding to signs of downward pressure on China's economy," said Zhou Hao, an economist at ANZ Bank in Shanghai.

The Australian dollar , which is highly sensitive to Chinese demand for Australian raw materials, rose on relief the GDP numbers were not weaker, following last week's report of a surprise fall in exports in June from a year earlier.

China's statistics bureau said the economy's performance in the first half of the year was stable overall and that indicators were within a reasonable range.

New Premier Li Keqiang has been prominent in pushing for economic reform over fast-line growth, suggesting the government is in no rush to offer fresh stimulus to revive an economy in a protracted slowdown.

The government's official growth target for 2013 is 7.5 percent, impressive by world standards but it would be the slowest pace in 23 years for China.

The latest data showed the economy grew 7.6 percent in the first half of the year from a year earlier, just ahead of the full-year target.

Analysts have cut their forecasts for 2013 full-year growth in recent weeks following a run of weak data and government comments on slowing growth. Ahead of Monday's economic figures, they were mostly forecasting 2013 growth between 7 and 7.5 percent.

Last week, customs data showed China's exports fell 3.1 percent in June against forecasts for a rise of 4 percent, while imports dipped 0.7 percent versus an expected 8.0 percent rise. The customs administration added that the outlook for July to September was "grim."

Other figures had shown factory-gate deflation persisted for a 16th straight month, backing the view that the economy, plagued by industrial overcapacity, is losing momentum.

Annual consumer inflation accelerated more than expected in June, but remained subdued at 2.7 percent, below Beijing's annual target of 3.5 percent.

The main worry for China's leaders is if the economic slowdown leads to high unemployment that could spark social unrest. So far government officials say employment is stable.

So for now, economists do not see any major stimulus or policy shift and instead expect the government to tough out the slowdown as they pursue a longer-term vision of reforming the economy towards consumer-led, rather than export- and investment-led growth.

Beijing is still cleaning up trillions of dollars in local government debt left over from its last spending spree during the 2008/2009 global financial crisis, while trying to rein in off-balance-sheet loans.

"The focus is still on reforms. The chances of a cut in interest rates or banks' reserve ratio look slim," Xu Hongcai, senior economist at the China Centre for International Economic Exchanges (CCIEE), a think-tank in Beijing, said before the release of the GDP data.

"Previously, when the economy was not good, local officials held out their hands for money from the central government. But now they have to embrace reforms as no money will be given."

JPMorgan, Goldman eye sales of metal warehouse business -FT

July 14 (Reuters) - JPMorgan Chase & Co is following a move by rival Goldman Sachs Group Inc to explore sales of its metal warehouse business, the Financial Times said on Sunday.

Citing people familiar with the matter, the newspaper said on its website on Sunday that both U.S. banks have in recent months

GENERAL NEWS *(Continued)*

informally started to seek potential buying interest for their warehouse units.

A Goldman spokesman said the firm has no comment. A spokeswoman at JPMorgan did not immediately return calls for comment.

In April, Reuters first reported Goldman has explored a sale of its metals warehousing business Metro International LLC, just three years after the investment bank bought the firm for $550 million.

A proposed rule change by the London Metal Exchange (LME) to relieve bottlenecks that slow metal delivery out of warehouses could cut into profits for the metal warehouse industry, the FT said.

Sources told the FT that JPMorgan has recently started a sales process for its warehousing unit, Henry Bath, although the discussions began before the LME's rule change proposal.

JPMorgan has also discussed sales of some of its physical metal trading book, although there is no direct connection between the two deals, the FT said.

Several U.S. banks including Goldman are locked in discussions with the Federal Reserve over their right to keep owning and operating physical commodity assets like warehouses, oil storage tanks, and pipelines following their conversion to bank holding companies during the financial crisis.

Under U.S. banking regulations, banks are usually barred from owning physical commodity assets that they operate.

TRADING PLACES

Speculators raise gold longs on tight supplies -CFTC

July 12 (Reuters) - Hedge funds and money managers raised bullish bets in gold and futures and options for a second straight week, as signs of tight physical supplies sparked buying, a report by the Commodity Futures Trading Commission showed on Friday.

Speculators also boosted net longs in silver futures and options and trimmed net shorts in copper in the week to July 9, according the CFTC's Commitment of Traders report.

Speculators, also called managed money, added gold's net long position by 1,389 lots to 35,691, CFTC data showed.

However, managed money also boosted its short position to a record high 80,147 contracts.

Some speculators are borrowing physical bullion and then selling it, a move that could add downward pressure to gold prices, analysts said.

Investors now look forward to next week's CFTC data which will reflect changes after gold prices this week posted its biggest weekly gain in nearly 2 years as fears of an imminent winding down of the U.S. Federal Reserve's monetary stimulus eased for now.

Specs also raised net longs in silver futures and options by 941 contracts to 4,705 in the week to July 9, while they trimmed net short position in copper by 679 lots to 26,284.

MARKET NEWS

France saves jobs with sale of Alpine aluminium plant

PARIS, July 14 (Reuters) - France breathed a sigh of relief at the weekend after Anglo-Australian mining giant Rio Tinto said it had received a binding offer for its French aluminium plant, in a deal that - if approved - would save more than 500 jobs.

Unions feared Rio Tinto's aluminium plant in Saint-Jean-de-Maurienne in the Alps would close after it was put up for sale last year.

Rio Tinto, the world's third-largest miner, received a firm offer for the plant and associated smelter from Germany's Trimet aluminium AG in a deal backed by the French state and energy group EDF , which is planning to take a minority stake.

The plants produce aluminium wire rods which are used to make electric cables for the energy industry and connecting elements in the automobile industry.

For Rio Tinto, the disposal is part of a strategy to reduce its aluminium activities and lower costs.

France, which is battling recession and rising unemployment, has seen many smelters and metals production sites close in the past decade as global mining groups transferred their production to lower-cost regions.

In April, ArcelorMittal shut down a major steel plant in Florange in eastern France, stirring anger among workers as President Francois Hollande had promised during his election campaign to revive France's industry.

The Rio Tinto aluminium deal involves an investment of more than 200 million euros over six years. Other details or financial elements of the transaction were not disclosed.

"The Trimet group gives new life to this site with a Franco-German partnership," said French Prime Minister Jean-Marc Ayrault who travelled to the site on Saturday to conclude the deal. "There is no future for France without industry."

Industry Minister Arnaud Montebourg, also present at the signing in Saint-Jean-de-Maurienne, said last week the transaction gave hope France was "building a Franco-German Pechiney."

MARKET NEWS *(Continued)*

French aluminium giant Pechiney, which used to own the Alpine plant dating back to 1907, was sold to Canada's Alcan, itself later absorbed by Rio Tinto.

India iron ore imports sink 78 pct in April-June on high local supply

By Krishna N Das

NEW DELHI, July 15 (Reuters) - India's iron ore imports plunged 78 percent in the April to June quarter from a year earlier, according to provisional data from government sources, as domestic supply rose and exports fell.

The shipment data, coupled with a 9.1 percent drop in iron ore imports by top buyer China in June, is expected to drag on global prices of the steel-making raw material that have already shed more than 12 percent so far this year.

India has historically produced enough iron ore to meet its domestic demand, but imports by Asia's third-largest economy tripled to 3 million tonnes in the year ended March 31 after output from top producing states Karnataka and Odisha fell due to a court-mandated clampdown on illegal mining.

Production has since picked up following steps to clean up the sector of practices such as mining outside allotted areas. A 30 percent duty on exports has also made more iron ore available in the country.

India imported 185,113 tonnes of iron ore in the quarter ended June 30, according to figures from the agency that tracks the data for the commerce ministry and provided to Reuters by a top official, down from 826,372 tonnes a year ago.

Final data is expected by end-August, said the official at the Directorate General of Commercial Intelligence and Statistics. The numbers were confirmed by a senior steel ministry official.

Both officials did not want to be named as they are not authorised to speak to media.

India was once the third-largest exporter of iron ore in the world, sending out about 98 million tonnes, or 47 percent of its total production, in the year ended March 31, 2011.

The country's output of iron ore is estimated to have fallen to about 140 million tonnes in the year ended March 31, from 207 million in 2011, after a ban on mining in Karnataka and Goa. Output was 167.3 million tonnes for the year ended March 2012

Karnataka has opened some of its mines since late last year on the orders of the Supreme Court.

China's June steel output eases from record high

By Ruby Lian and Fayen Wong

SHANGHAI, July 15 (Reuters) - Chinese crude steel production eased from a record high in June, but still stood at a hefty 64.66 million tonnes as rallying prices drove output.

Last month's output in the world's top steel producer fell 3.5 percent from a record peak of 67.03 million tonnes in May, but jumped 4.6 percent from June last year.

Average daily crude steel output dropped for the second straight month to 2.155 million tonnes in June, down 3 percent from 2.162 million tonnes in May, government data showed.

That was in line with numbers from the China Iron & Steel Association that showed China's average daily crude steel output stood at 2.181 million tonnes in the last ten days of June, up nearly 1 percent from the preceding 10-day period.

Chinese steel mills, particularly large state-owned facilities, are expected to maintain record run rates, driven by improving end-user demand despite a typical summer slowdown.

"This July is different - demand is picking up in a traditionally weak consumption season, and end users' purchases have been rising in the last two weeks," said Qiu Yuecheng, an analyst with steel trading platform Xiben New Line Co Ltd in Shanghai.

Xiben data showed that the weekly purchases of rebar and wire rod from end users in Shanghai surged 15 percent in the second week of July from the first week.

China's economic growth in the second quarter slowed to 7.5 percent year-on-year as weak overseas demand weighed on output and investment, but the statistics bureau said the economy's performance in the first half of the year was stable overall and that indicators were within a reasonable range.

China's leading steel mills, including top private producers Jiangsu Shagang and Wuhan Iron & Steel , have raised their prices for bookings over the next term, lifting market sentiment.

China steel futures on the Shanghai Futures Exchange rebounded in July, with the benchmark January contract climbing about 5 percent in the first half of July.

China cancels $6 bln uranium plant after protest

By Chen Aizhu and Qi Ding

BEIJING, July 13 (Reuters) - China has abruptly cancelled plans to build its largest uranium processing plant in a southern Chinese city, a day after hundreds of protesters took to the streets demanding the project be scrapped, a local government website said on Saturday.

The proposed 230-hectare complex in the heart of China's Pearl River delta industrial heartland in Guangdong province had also sparked unease in neighbouring Hong Kong and Macau.

Authorities in the gambling enclave had formally raised the issue with their Guangdong counterparts, the South China Morning Post reported.

A one-line statement published on the Heshan city government's website said that "to respect people's desire, the Heshan government will not propose the CNNC project".

MARKET NEWS *(Continued)*

State-run China National Nuclear Corporation and China Guangdong Nuclear Power Corp (CGNPC) had planned to build the 37 billion yuan ($6 billion) project.

Officials from both companies could not be reached for comment.

A Beijing-based nuclear power expert said he was surprised local authorities had taken the decision as the project designed to produce 1,000 tonnes of uranium fuel annually by 2020 was hotly contested by local governments.

"Compared to a nuclear power plant, a uranium processing facility is way more safer, as there is no fusion or reaction taking place in the production process," said the official with close knowledge of the project. He declined to be identified as he was not authorised to speak to the press.

The surprisingly swift decision to cancel the project came after hundreds marched to city offices on Friday that forced officials to pledge an extension of public consultation by 10 days. Locals had planned more protests on Sunday.

Chinese authorities are becoming increasingly sensitive to local protests over environmental issues, having cancelled, postponed or relocated several major petrochemical and metals plants.

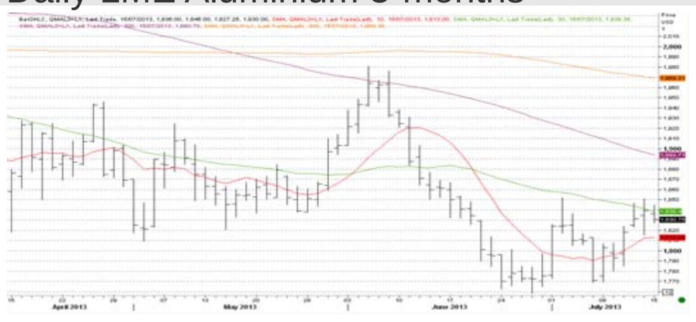
The planned conversion and enrichment plant had been meant to supply fuel for China's expanding nuclear power capacity, likely to reach 60-70 gigawatts by 2020 from the current 12.6 GW.

China currently produces 800 tonnes of uranium fuel at its plants in southwestern Sichuan province and north China's Inner Mongolia. China sources uranium both from domestic mines and imports from Kazakhstan, Canada and Australia, said the expert.

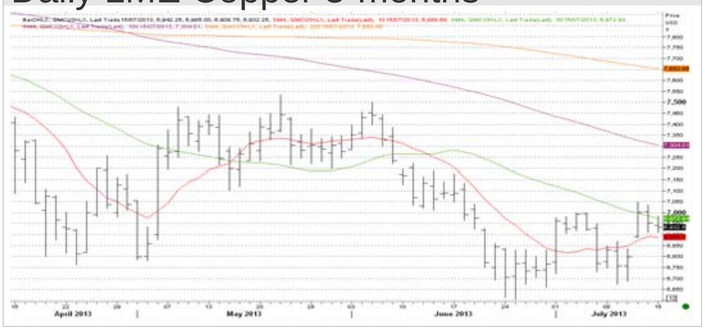
Guangdong is one of the country's largest nuclear power bases, already running five nuclear reactors and building another dozen, incorporating technologies from companies like French Areva and Westinghouse, a unit of Japan's Toshiba Corp

ANALYTIC CHARTS *(Click on the charts for full-size image)*

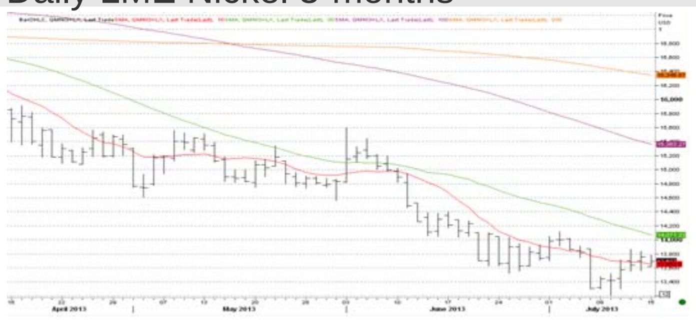
Daily LME Aluminium 3-months



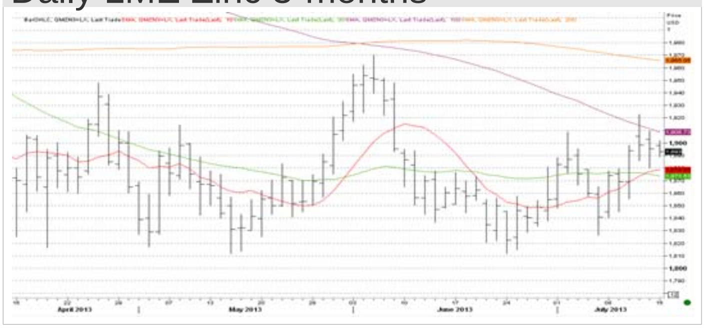
Daily LME Copper 3-months



Daily LME Nickel 3-months



Daily LME Zinc 3-months



Daily LME Lead 3-months

Daily LME Tin 3-months

Daily LME Alloy 3-months

Daily LME Nasaac 3-months

MARKET REVIEW

METALS-London copper firms after in-line China 2Q GDP; Fed eyed

By Melanie Burton

SINGAPORE, July 15 (Reuters) - London copper steadied after data from China showed the slowdown in the world's top consumer of most commodities was not as bad as some investors had feared, while focus shifted to U.S. Federal Reserve policy testimonials later this week.

Markets were spooked last week when China's finance minister was reported as saying that growth could be 7 percent this year, below the target of 7.5 percent. But, the official Xinhua News Agency later corrected that report to quote the minister as saying: "There is no doubt that China can achieve this year's growth target of 7.5 percent".

The row back restored confidence that Beijing would still step in to keep growth at its target level, said analyst Sijin Cheng of Barclays Capital. "Now it is really more the Fed, and expectations over the time scale of tapering that is driving the market," she said.

U.S. Federal Reserve chief Ben Bernanke last week said the central bank would continue to pursue an accommodative monetary policy given tame inflation and a still fragile labour market.

Three-month copper on the London Metal Exchange pared early losses to trade at $6,975 a tonne by 0235 GMT, up 0.30 percent from Friday. It finished last week with gains of 2.4 percent, the biggest weekly rise since early May.

The most-traded November copper contract on the Shanghai Futures Exchange also cut early losses to trade little changed at 50,190 yuan ($8,200) a tonne.

Hopes the United States would keep its loose monetary policy for longer were shoring up metals prices, Cheng added.

"Prices look pretty well supported. It would take a macro development that we haven't factored in to see a repeat of the year's lows," she added.

Euro zone factory output fell in May for the first time in four months, data showed on Friday, suggesting a fragile and uneven recovery in the bloc that is struggling with record joblessness.

Hedge funds and money managers trimmed net shorts in copper futures and options in the week to July 9, a report by the Commodity Futures Trading Commission showed.

PRECIOUS-Gold extends gains on stimulus hopes, China data

By A. Ananthalakshmi

SINGAPORE, July 15 (Reuters) - Gold extended gains after posting its biggest weekly percentage increase in nearly two years, as fears eased that the U.S. Federal Reserve would wind down its stimulus programme early.

Fed Chairman Ben Bernanke said last week that a highly accommodative policy was needed for the foreseeable future, bolstering bullion which is often seen as a hedge against inflation.

"People are still buying after Bernanke's assurance," said a Hong Kong-based trader. "They were expecting the tapering (in stimulus) to begin in September but now they think there is a possibility of it happening only next year."

Prices were also buoyed as Chinese GDP data for the second quarter matched expectations at 7.5 percent.

Spot gold had risen 0.1 percent to $1,285.70 an ounce by 0700 GMT, after advancing nearly 5 percent last week - the most since October, 2011. But it is still down nearly 25 percent this year.

U.S. gold gained $7 to $1,284.50. Silver , platinum and palladium were all hovering near their highest levels in more than three weeks.

"It's Bernanke that is still impacting liquidity in the markets," said Han Pin Hsi, global head of commodities research at Standard Chartered Bank in Singapore.

"I think we are forming a base (in gold prices) here at current levels. We are still more bullish compared to these prices."

SHORT LIVED REBOUND

However, other analysts said the rebound in gold prices may not last long.

"Our economists continue to expect the FOMC to taper asset purchases at the September meeting and conclude purchases in March 2014," Barclays analysts wrote in a note on Monday, referring to the Federal Open Market Committee.

"Given our economists' view and seasonally weak period for demand, we believe the recent rally (in gold) is likely to be short lived."

Standard Chartered's Hsi also said outflows from gold exchange traded funds would have to stop before gold could climb much higher.

MARKET REVIEW *(Continued)*

Holdings in SPDR Gold Trust , the world's largest gold-backed ETF, are near four-year lows. The fund has seen outflows of over 13 million ounces, or about $17 billion at current prices, so far this year.

FOREX-Aussie dlr regains ground after China GDP meets expectations

By Masayuki Kitano

SINGAPORE, July 15 (Reuters) - The Australian dollar climbed after China's second-quarter economic growth matched market expectations, easing worries that the world's second-largest economy could be slowing faster than expected.

The data did not have too much effect on other major currencies with both the greenback and euro largely steady in Asian trade.

China's annual economic growth slowed to 7.5 percent in the second quarter of 2013 from 7.7 percent - the second straight quarter of slower growth.

The number follows data on Wednesday showing an unexpected fall in Chinese exports for the first time in 17 months that had raised concerns GDP could be weaker than expected. That in turn hit the Aussie, with the currency falling on Friday under 90 U.S. cents for the first time since September 2010.

Not only is China Australia's biggest export market but the Aussie is often sold as a liquid proxy to hedge any weakness there.

After the GDP figures, the Aussie dollar stood 0.6 percent higher at $0.9108 , moving away from Friday's low of $0.8998.

"The Australian dollar rose since there had been fears that the number might come in lower. But at the same time, the data wasn't spectacularly good either," said Satoshi Okagawa, senior global markets analyst for Sumitomo Mitsui Banking Corporation (SMBC) in Singapore.

Okagawa said the Australian dollar probably would not fall sharply below $0.9000 in the near term, adding that Australia's AAA sovereign rating and still relatively high interest rates were supportive factors.

Other Chinese economic indicators released along with the GDP were mixed, with retail sales exceeding expectations but industrial output and fixed-asset investment coming in below market forecasts.

The U.S. dollar eased 0.1 percent against a basket of major currencies to 82.924, staying below a three-year high of 84.753 set last Tuesday. The euro held steady at about $1.3073 .

The dollar was little changed versus the yen at 99.29 yen , with Japanese markets closed on Monday for a national holiday.

Much of the market is bullish on the U.S. dollar over the long-term, because the Federal Reserve is seen likely to be the first among major central banks to step away from ultra-loose monetary policy.

The value of net long positions in the U.S. dollar rose to $27.94 billion in the week ended July 9, doubling in value since late June, according to the Commodity Futures Trading Commission.

Later on Monday, the dollar could take cues from data on U.S. retail sales.

Another focal point for this week is Fed Chairman Ben Bernanke's testimony before Congress on Wednesday and Thursday.

Bernanke had sent the dollar reeling last week when accenting the dovish side of policy, while playing down the strength of recent payrolls data and warning that the Fed would push back if financial markets tightened prematurely.

(Inside Metals is compiled by Pradip Kakoti in Bangalore)