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Copper rose on optimism over US-China trade talks along with PMI data  
Gold limits gains on higher global equities  
Oil remains firm on supply concern from OPEC+ and sanction on Venezuela and Iran  
Indian rupee to remain near 69.50; focus on RBI meeting on April 4

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## COPPER ROSE ON OPTIMISM OVER US-CHINA TRADE TALKS ALONG WITH PMI DATA

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- ▲ Copper and other base metals rose on Monday after indications of progress in U.S.-China trade talks supported the sentiment. Base metals also received a boost from PMI data which showed signs of improvement in China's manufacturing sector.
- ▲ President Trump says that trade talks with China were going very well, but insists on a "great deal". Sources close to the talks have stressed that a deal is by no means certain.
- ▲ China's manufacturing sector unexpectedly improved as PMI rose to 50.8 from 49.9 in February.
- ▲ Chilean state miner Codelco, the world's top copper producer, produced 3.3 percent less copper in 2018 than the year.
- ▲ The International Copper Study Group (ICSG) recently released copper report estimating a global refined copper deficit of 390,000 tons in 2018.
- ▲ World mine production increased by an estimated 2.3% in 2018 – ICSG

### Outlook

- ▲ LME Copper prices could find some support to bounce back from the lower end of the trading range and low inventory stocks, while concerns about a global economic slowdown due to trade tensions could act as a headwind. Mine disruptions along with drying up inventories are keeping copper prices higher. Copper may find minor support around 6285; short-term trend remains positive above this level, meanwhile, immediate resistance is seen near 6544-6702.

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## GOLD LIMITS GAINS ON HIGHER GLOBAL EQUITIES

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- ▲ Gold prices rose on Monday as the dollar index retrace from 3 month highs, but rally into equities limited gains for the precious metal and market gained from positive US-China trade talks and optimistic China PMI data.
- ▲ CFTC – Net long for gold futures increased, by +31345 contracts, to 119741 last week. Speculative long positions soared by +10122 contracts, while shorts slumped by -21223
- ▲ Brexit- EU gives Britain 11 days to come up with new Brexit plan. The European commission's most senior official, Martin Selmayr, tweeted: "12 April is now the new 29 March", in reference to the original date for the UK to leave the EU. Gold prices are receiving support from uncertainty in Britain after consecutive Brexit failure.
- ▲ Venezuela- US condemns Russia troop deployment to troubled Venezuela. US President Trump is considering imposing sanctions on companies from other countries that do business with Venezuela to cut off revenues to President Nicolas Maduro. Deepening of Venezuelan crisis is supporting gold prices.

### Outlook

- ▲ Minor weakness in Comex gold is mainly to due to strength in dollar index and equities, which may push gold towards immediate support levels of \$1281 per ounce in the near term. Counter may find some support from ongoing geopolitical issues in Venezuela and Brexit apart from poor economic data from Europe and US. Immediate resistance is seen around \$1315-\$1324 per ounce.

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## OIL REMAINS FIRM ON SUPPLY CONCERN FROM OPEC+ AND SANCTION ON VENEZUELA AND IRAN

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- ▲ OPEC-led production cuts have helped tighten an oversupplied market. U.S. sanctions on Iran and Venezuela, both oil exporters, have also contributed to a tighter market.
- ▲ EIA reported last week that U.S. crude supplies unexpectedly rose by nearly 2.8 million barrels. US crude oil production for week ending March 22 was 12.1 million bpd for the second week in a row.
- ▲ US oil rig count – The number of active oil and gas rigs fell by 10 for the second week in a row. The number of active oil rigs falling by 8 to reach 816 and the number of gas rigs falling by 2 to 190.
- ▲ CFTC Report- Net long for crude oil futures jumped +33 873 contracts to 448619 for the week. Speculative long positions rose +25989 contracts while shorts plunged -7884.

### Outlook

- ▲ Optimism about a U.S.-China trade deal, the OPEC cuts, and the U.S. sanctions on Iran and Venezuela continue to support oil prices in short term. Brent oil found strong support base near 65.80, important resistance is seen around 68.50 per barrel. Brent may remain in range between 65.80-68.50 for short term as rising US oil production and inventories may cap gains.

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## INDIAN RUPEE TO REMAIN NEAR 69.50; FOCUS ON RBI MEETING ON APRIL 4

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- ▲ The rupee remained higher on Friday as demotic equities rallied pushed dollar down. FII inflows and demand for rupee near to the end of financial year. Currency Markets are closed today on account of FY year closing.
- ▲ RBI meeting this week may give fresh direction, we expect RBI to reduce benchmark rate by 25 basis point in upcoming meeting after RBI changed its stance from 'calibrated tightening' to 'neutral' in last meeting.
- ▲ On global front weakness is seen in dollar index after strong china PMI data and rally into equities following optimism over US-China trade talks. Although rising crude oil prices still remain a threat to domestic currency as rising crude oil prices may increase imports bill this quarter.
- ▲ FII and DII Data
- ▲ Foreign funds (FII's) sold shares worth Rs. 86.21 crore, while Domestic Institutional Investors (DII's) also bought shares to the tune of Rs 1724.39 crore on 29th March
- ▲ In March 2019 FIIs net bought shares worth Rs 32371 crore, while DII's were net sellers to the tune of Rs.13930 crore.

### Outlook

- ▲ The current weakness in the dollar against Rupee may continue further, as USD/INR could decline further on the back of consistent FII inflows through Mar'19. USD-INR pair has broken key support around 69.30; we may witness a fresh decline towards 68.30-67.80. FII inflow could continue to support Indian rupee, meanwhile rising crude oil prices is a threat to import bill this quarter.

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