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Copper softened as government offers a deal to protestors at Las Bambas  
Gold declines on abating global economic slowdown concerns  
Oil hits 2019 highs as markets eye sanctions on Iran and further disruptions in Venezuela  
Indian rupee opens flat near 69.25; focus on RBI meeting on April 4

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## COPPER SOFTENED AS GOVERNMENT OFFERS A DEAL TO PROTESTORS AT LAS BAMBAS

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- ▲ Copper declined as the Peruvian government offered a deal to protesters to lift their blockade at the Las Bambas copper mine (owned by China's MMG), but a decision is pending. Las Bambas contributes to about 2 percent of the world production of copper
- ▲ Dollar also strengthened mildly yesterday helping copper lose some ground
- ▲ However positive data from China's manufacturing sector unexpectedly improved as PMI rose to 50.8 from 49.9 in February, which is acting as a tailwind for base metals.
- ▲ Chilean state miner Codelco, the world's top copper producer, produced 3.3 percent less copper in 2018 than the year, mainly due to aging mines and deteriorating ore quality.
- ▲ Japan's second-largest copper smelter, Sumitomo Metal Mining, is expected to produce 420,000 tonnes of refined copper in the 2019/20 financial year that started this month, down 7.7 percent from the previous year.
- ▲ 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, while concerns about a global economic slowdown due to trade tensions could act as a headwind. Mine disruptions along with drying up inventories are supporting prices. 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 DECLINES ON ABATING GLOBAL ECONOMIC SLOWDOWN CONCERNS

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- ▲ Gold prices declined marginally on Monday as the dollar index strengthened slightly; also rally into equities has kept a lid on the precious metal prices in the past few trading sessions.
- ▲ Strong equity markets on the back of optimistic news flow from the US-China trade war along with easing global economic slowdown tensions have lifted equities while gold has declined in the past few trading sessions.
- ▲ 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
- ▲ India's provisional customs data show gold imports in March were 67 tons that lifted the previous fiscal year's overseas purchases of the precious metal to 800 tons. Gold imports declined slightly compared to previous fiscal year from 955 tons in 2017-18.
- ▲ 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 failures.
- ▲ 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 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 HITS 2019 HIGHS AS MARKETS EYE SANCTIONS ON IRAN AND FURTHER DISRUPTIONS IN VENEZUELA

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- ▲ Oil hits 2019 highs on optimistic Chinese manufacturing data which seem to be easing demand concerns.
- ▲ US officials said Washington is considering further sanctions on Iran also a key terminal in Venezuela terminal halted operations. After restarting on Friday following a prolonged blackout, Jose crude export terminal has halted operations due to a lack of electricity.
- ▲ OPEC supply declined to a four-year low in March along with positive data from China and US has ebbed the global growth concerns, thus demand might not be impacted negatively however the supply has reduced propping up prices.
- ▲ 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 longs for crude oil futures jumped +33873 contracts to 448619 for the week. Speculative long positions raised +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 push oil prices in the short term. Brent oil found strong support base near 65.80 as it continues to rise. Brent may continue its positive move towards 70-71.00.

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## INDIAN RUPEE OPENS FLAT NEAR 69.25; FOCUS ON RBI MEETING ON APRIL 4

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- ▲ The rupee remained higher on Friday as domestic equities rallied pushed dollar down. FII inflows and demand for rupee near to the end of financial year.
- ▲ 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.
- ▲ Crude oil prices continue to rise putting pressure on the Rupee, trend for crude remains positive and we can expect further strength for crude in the near term.
- ▲ Dollar index has strengthened which is also acting negatively for the rupee, however rupee has been resilient. 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) bought shares worth Rs. 898.79 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 1032.81 crore on 1<sup>st</sup> April
- ▲ In April 2019 FIIs net bought shares worth Rs 898.79 crore, while DII's were net sellers to the tune of Rs.1032.81 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 and are expected to continue in April'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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