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Nickel market has been in deficit for consecutive three years, expecting another deficit this year OPEC+ members are expected to extend supply reduction pact at its June meeting Gold near 5 weeks low as dollar index remains firm against major currencies Indian rupee strengthens against US dollar, FII's inflow continue to improve China Steel futures fell on concern over slowing economic growth

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NICKEL MARKET HAS BEEN IN DEFICIT FOR CONSECUTIVE THREE YEARS, EXPECTING ANOTHER DEFICIT THIS YEAR

- Nickel prices climbed to a six-month peak as expectations of a fourth consecutive year of supply deficit were reinforced by signs of robust demand from steel mills in China.
- International Nickel Study Group shows the nickel market deficit at 46,000 tonnes in 2016, 115,000 tonnes in 2017 and 127,000 tonnes last year. Global nickel demand is estimated at about 2.4 million tonnes this year.
- Inventory- Nickel stocks at 196,542 in LME-registered warehouses have nearly halved since the start of January last year, while canceled warrants metal earmarked for delivery stand at 37 percent. Inventories in warehouses monitored by the Shanghai Futures Exchange are below 10,000 tonnes and have fallen nearly 40 percent since the middle of November.
- Spread- The discount for the cash over the three-month contract is about \$80 per tonne, is an incentive to buy nickel and sell it forward on the LME.

Outlook

▲ LME 3 M contracts on LME may remain firm towards next 14270-15044 in the near term following inventory report and demand outlook. INSG report for a market deficit and positive outcome from USChina tariff deal may push counter higher important support is seen around 13090-12864.

OPEC+ MEMBERS ARE EXPECTED TO EXTEND SUPPLY REDUCTION PACT AT ITS JUNE MEETING

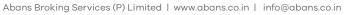
- Oil prices rebound after sinking last week, bolstered by OPEC's supply cuts and hopes for a resolution to the U.S.-China trade dispute
- The U.S. and China appear close to a deal that would roll back tariffs, easing fears that their stand-off will weigh on global growth and dent fuel demand
- Rig count- U.S. energy firms last week cut the number of oil rigs looking for new reserves to the lowest in almost nine months as some producers follow through on plans to cut spending.
- CTFC- Hedge funds and other money managers raised their net long, or bullish, positions on Brent crude by 15,887 contracts to 291,336 in the week to Feb. 26.

Outlook

■ Brent oil may recovery after marginal decline as OPEC+ production cut and US-China trade deal may support oil prices in short term. Immediate recovery can be seen towards the next level of resistance around \$67.80 per barrel and \$70.80. Meanwhile increasing US production levels and crude oil inventories may keep rally limited. Import support levels are seen around \$64.10 per barrel and \$62.80.

GOLD NEAR 5 WEEKS LOW AS DOLLAR INDEX REMAINS FIRM AGAINST MAJOR CURRENCIES

- Gold was near five-week lows as a firmer dollar and optimism over U.S.-China trade deal dented safehaven appeal against the dollar.
- U.S. Secretary of State Mike Pompeo said on Monday thought the United States and China were "on the cusp" of a deal to end their trade war.
- IMF data on gold reserve China boosted its gold reserves in January to 1186.39 tonnes, after purchasing 11.82 tonneswhich is nearly 1% increase. India gold holding rose by 6.53 tonnes. Qatar holdings rose by 6.26 tonneswhile Turkey's declined 5.44 tonnes
- SPDR gold Holdings SPDR Gold Shares saw its biggest daily outflow on Friday so far this year its fund's holdings declined by 11 tonnes during the session.





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Outlook

■ Comex gold broke key support level around 1305, we may see further decline towards 1275-1266 in the near term on a positive US-China trade deal. Meanwhile gold may receive support from ongoing geopolitical tension such as Brexit deal, Venezuela crisis and a Terror attack on India. Important resistance remains near 1305 and 1335 in short to medium term.

INDIAN RUPEE STRENGTHENS AGAINST US DOLLAR, FII'S INFLOW CONTINUE TO IMPROVE

- The rupee appreciated against the US dollar in opening trade, driven by the weakening of the US dollar index and fresh foreign inflows.
- Crude oil prices continue to move higher on trade deal hopes, OPEC supply cuts. Higher oil prices are negative for Indian rupee as India imports nearly 80% of its oil requirements
- FII and DII Data
- ▲ Foreign funds (FII's) bought shares worth Rs. 198.38 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 117.05 crore on 1st March.
- In February 2019 FIIs net bought shares worth Rs 13564.57 crore, while DII's were net sellers to the tune of Rs. 565.89 crore.

Outlook

■ We can expect weakness in the dollar if the USD-INR pair breaks support level of around 70.96. USD-INR may decline towards 70.40-69.80 if it breaks 70.96. Meanwhile, the key resistance level is seen at 71.60, the counter may remain in the range of 71.6-70.40. FII's inflow may continue to support Indian rupee but rising crude oil prices may limit gains.

CHINA STEEL FUTURES FELL ON CONCERN OVER SLOWING ECONOMIC GROWTH

- China economic slowdown- Steel futures in China fell as slowing economic growth in the world's top ferrous metals consumer continued to cloud the demand outlook for these metals. China cut the growth target for this year to 6.0 percent to 6.5 percent, as expected, from around 6.5 percent last year and offered further stimulus, including cuts in taxes and social security fees, increase in infrastructure investment and lending to small firms.
- China VAT- The government work report said that the deepening of the VAT reform and will reduce the current 16% tax rate in industries such as manufacturing to 13%, and reduce the current 10% tax rate in the transportation, construction, and other industries to 9%;
- Inventory- According to private reports, Rebar stocks in 20 Major cities of China, were 5.3 million tons in February, with an increase of 2.56 million tons from the previous month, which is an increase of 93.3%

Outlook

■ China steel future recovered marginally from recent low and found strong support base near 3720, minor recovery can be seen towards the next level of resistance around 3877-3897 while immediate support is seen around 3782-3753. China's economic slowdown may weigh on prices, markets await economic stimulus, and any reduction in VAT for construction-related activity which may boost demand. US-China trade talk could provide further direction to the counter.

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