
US oil rig count rose first time in seven weeks

Chinese iron ore futures surge to record high

Stimulus hope lifts Copper in China, Copper conference in Chile this week

Gold rallied on dollar decline; focus on FOMC meeting minutes on Wednesday

Indian rupee extended losses, higher oil prices and RBI's dovish policy putting pressure on the Rupee.

US OIL RIG COUNT ROSE FIRST TIME IN SEVEN WEEKS

- ▲ According to private survey report, US oil rig count rose by 15 to 831 while US gas rig count rose by 4 to 194 till last week. Total rig count rose to 1025 from 1006 from a week earlier. Increasing rig count would lead an increase in oil and gas production in the US which may put a lid on rising oil prices.
- ▲ CFTC Report- Net speculative long positions jumped by 32742 contracts to 481361 for WTI crude oil contract on Nymex last week, according to the report released by CFTC. Speculative long positions jumped by 29760 contracts while short position dropped by 2982 resulting in net increase in long position.
- ▲ Oil prices have rallied in the first quarter of 2019 after the OPEC+ nations which includes Russia, Agreed to cut output by 1.2 million barrels per day (bpd) to prevent a supply glut.
- ▲ Inventory- According to the weekly report published by EIA, U.S. crude oil inventories soared unexpectedly last week as imports climbed and production hit a new record.

Outlook

- ▲ Brent oil may remain higher following supply concerns from OPEC+ nations and US oil imports. Although weakness in economic numbers indicating a slowdown in the global economy this year which may reduce demand. Brent oil is facing stiff resistance around \$70 per barrel and further bullishness can be seen if it breaks this resistance on a weekly closing above these levels. Key support remains near 68.40-66.40

CHINESE IRON ORE FUTURES SURGE TO RECORD HIGH

- ▲ Chinese iron ore futures have continued its bullish move to the highest level over Supply disruptions from Australia and Brazil.
- ▲ A stronger steel price in China is another factor behind the price gains after VAT reduction and other economic measure taken by the Chinese government.
- ▲ Warmer weather in China after long winter production break may witness an increase in demand for steel as construction activity is renouncing.

STIMULUS HOPE LIFTS COPPER IN CHINA, COPPER CONFERENCE IN CHILE THIS WEEK

- ▲ China would step up its policy of targeted cuts in banks' required reserve ratios, which will encourage financing for small and medium-sized businesses.
- ▲ Copper conference -Global copper producers are meeting in Chile this week as tightening supply is lifting prices. Project delays after the economic slowdown in the global economy and worries over the U.S-China trade war could hit long-term demand.
- ▲ Las Bambas mine in Peru is expected to restore normal mining, production, and transport operations after indigenous villagers agreed to end a two-month blockade.
- ▲ Trade talks- U.S. President Trump stated that a trade deal with China could be reached in about four weeks.

Outlook

- ▲ LME 3M Copper remains in the 6400-6550 range this week with slight bullish bias as US-China may reach a trade deal. Increasing LME copper inventories and lower German factory orders have dampened the sentiments though hope for stimulus from the Chinese government may lend support in the near term.

GOLD RALLIED ON DOLLAR DECLINE; FOCUS ON FOMC MEETING MINUTES ON WEDNESDAY

- ▲ The dollar index was trading weak against other currencies which pushed gold prices higher above \$1300 per ounce; Focus is shifting towards FOMC meeting minutes which will be released on Wednesday.
- ▲ The gold rally is capped by gains into Asian equities.
- ▲ Nonfarm payrolls rose by 196,000 in March, above expectations of 175,000, while the jobless rate held steady as expected at 3.8%.
- ▲ CFTC Report – Net speculative long position fell by 25382 contracts to 94556 for Comex gold future contract last week, according to a report released by CFTC. Speculative long position decreased by 21113 contracts while short position added by 4269 contracts resulted in the net decline in a long position.
- ▲ SPDR Trust holding fell nearly 3 percent in the previous week, its biggest weekly percentage decline since end-November 2016.

Outlook

- ▲ Short term recovery gold prices is a result of weakness in the dollar index, which may face minor resistance around \$1305 while key support remains near \$1285, any break below 1285 level may push prices lower towards \$1277-1265 per ounce in the near term. Higher equities, positive US-China trade talks and FOMC minutes later this week may push the dollar higher which may result in the loss in gold prices.

INDIAN RUPEE EXTENDED LOSSES, HIGHER OIL PRICES AND RBI'S DOVISH POLICY PUTTING PRESSURE ON THE RUPEE

- ▲ Brent Oil prices remain above \$70 per barrel which is a significant reason of worry as this may result in higher import costs seeing robust energy demand in this quarter.
- ▲ RBI cut its benchmark repo rate by 25 bps to 6% but maintained its policy stance at neutral citing upside risks to the economy. The RBI, which targets inflation at 4% in the medium term, cut forecast for consumer price growth. RBI also downgraded GDP growth forecast for the fy19-20 to 7.2% from 7.4% seen in February.

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 797.9 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 325.5 crore on April 5th.
- ▲ In April 2019 FIIs net bought shares worth Rs 973.38 crore, while DII's were net sellers to the tune of Rs. 670.76 crore.

Outlook

- ▲ Indian rupee is unable to hold on to any gains post RBI meet which lowered growth forecast in anticipation that lower inflation will create rural distress. Indian rupee is expected to weaken further if crude oil prices continue to trade higher in the near term. USD-INR could find support near 68.80-68.40 while important resistance is seen around 69.69-70.23

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