DAILY ANALYSIS REPORT

Friday, March 8, 2019

ECB slashed its growth forecast for 2019 to 1.1 percent from an earlier forecast of 1.7 percent

Gold is range bound between 1282-1293 post the ECB meeting; focus on US non-farm payroll data

Crude oil remains under pressure from rising supply from US and ECB growth forecast

Indian rupee is trading marginally lower in early trade, eyes on Crude and Equities

China's aluminium exports down by 37.9 percent from January

China's unwrought copper imports fell to their lowest in 11 months, copper concentrate imports increases

ECB slashed its growth forecast for 2019 to 1.1 percent from an earlier forecast of 1.7 percent

- The euro zone's central bank slashed its growth forecast for 2019 to 1.1 percent from an earlier forecast of 1.7 percent made in December.
- ECB lowered its inflation forecasts for 2019 to 1.2% this year from December forecast of 1.6%
- The ECB's interest rates remain at record lows and may remain unchanged in the year 2019
- ECB announced a fresh set of loans to euro area banks aimed at boosting the real economy

Gold is range bound between 1282-1293 post the ECB meeting; focus on US non-farm payroll data

- Euro dipped against the dollar following the ECB's monetary policy statement, which was a surprise. Gold prices remained range bound post ECB meeting. Asian stocks continued to trade sideways as investors await fresh directional cues from U.S.-China trade negotiations, meanwhile robust U.S. economic data supported the dollar
- The focus is shifting towards U.S. non-farm payrolls data today. Market expects 180,000 non-farm payrolls in February, down from the 304,000 positions in January

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 tensions such as Brexit deal, Venezuela crisis and a Terror attack on India. Important resistance remains near 1305 and 1335 in short to medium term. Focus is on US nonfarm payroll data, which may give some boost to gold in short term from current levels.

Crude oil remains under pressure from rising supply from US and ECB growth forecast

- Oil prices remains marginally lower as equities slumped following a sharp downward revision to the ECB’s growth forecast for the continent
- U.S. Crude oil supply is rising rapidly; inventories were up by 7.1 million barrels to 452.9 barrels in the week ended March 1, the level is about 4% higher than average during this time of year
- 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
- Prices are being supported by efforts led by OPEC and other countries — a grouping known as 'OPEC+' — to withhold around 1.2 million barrels per day of oil. U.S. sanctions against oil OPEC members Iran and Venezuela have also had an impact

Outlook

- Brent oil may recover after declines as OPEC+ production cut and US-China trade deal may support oil prices in the 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 is seen around $64.10 per barrel and $62.80.

Indian rupee is trading marginally lower in early trade, eyes on Crude and Equities

- The rupee slipped marginally against the US dollar in early trade on Friday due to some buying in dollar by banks and importers. Euro plunged against the US dollar after the ECB in its policy statement held rates unchanged and hinted that it does not look to raise rates by early 2020.

- Oil prices eased due to record US crude output and rising commercial fuel inventories. Asian equities decline tracking Wall Street losses amid tepid global growth outlook

FII and DII Data

- Foreign funds (FII's) bought shares worth Rs. 1137.85 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 925.46 crore on 7th March
- In March 2019 FIIs net bought shares worth Rs 3218.93 crore, while DII's were net sellers to the tune of Rs.1106 crore

Outlook

- Current weakness in dollar may continue further and rupee will be strong as FII inflow continued in Mar'19 as well. The USD-INR pair may find next support level around 69.80. If the USD-INR pair breaks support level of 69.80, then we may witness fresh decline towards 69.30. Meanwhile, key resistance level is placed at 70.90; else it may remain in the 70.90-60.30 range. FII inflow may continue to support Indian rupee however any increase in crude prices from current levels may limit Rupee strength.

China's aluminium exports down by 37.9 percent from January

- China's aluminium exports, meanwhile, stood at 343,000 tonnes in February, down a whopping 37.9 percent from January's record high of 552,000 tonnes. The figure is the lowest since February 2017, although customs said exports were up 9.7 percent year-on-year.
- Aluminium and other industrial metals drifted lower as investors awaited further signs on demand in top metals consumer China would rebound post the Lunar New Year. So far, signs of metal demand in China have been lackluster, with rising inventories in the world's second-largest economy and weak physical premiums.

China's unwrought copper imports fell to their lowest in 11 months, copper concentrate imports increases

- China's unwrought copper imports fell year-on-year in February to their lowest in 11 months, while copper concentrate imports rose to tie the all-time monthly record, signaling that the world's top copper consumer is churning out more metal itself.
- Arrivals of unwrought copper - including anode, refined, alloy and semi-finished copper products - came in at 311,000 tonnes last month from 479000 tonnes in January, which is the lowest monthly total since March 2018.
- China's imports of copper concentrate jumped 24.9 percent from a year earlier to 1.93 million tonnes in February; the imports were up 1.6 percent from January.
- Smelter expansions have increased demand and competition for copper ore in China, with spot treatment and refining charges falling sharply this year as a result.
- Copper prices may rise if China unveiled economic stimulus measures including tax cuts for manufacturing industry, bolstering demand outlook.
- LME and CME copper stocks have been shrinking; those in Shanghai have jumped by 108,363 tonnes to 227,049 tonnes since the start of January. Inventory drop is a result of strong imports from China. China imported a record 3.75 million tonnes of refined copper last year and January's tally of 336,680 tonnes was up 7 percent year-on-year.

Outlook

- Decreasing mine production and drying up inventories are keeping copper prices higher. Optimism over US-China trade talks could support copper prices further. Copper may find minor support around 6285, short-term trend remains positive above this level. Meanwhile, immediate resistance is seen near 6544-6702

ABANS

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:
Mr. Kamlesh Jogi | Market Research Analyst
email: kamlesh.jogi@abans.co.in
Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited
36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021
Phone +91 22 61790000 | Fax +91 22 61790000
Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:
MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;
NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.
One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- Ownership & Material conflicts of interest –
  - Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
  - Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance - No
- Receipt of Compensation –
  - Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- Other material disclosures, if any

Disclaimer:
The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in