
Oil prices fell after U.S. crude stockpiles surged to their highest levels in almost 17 months
Gold at two weeks high, Federal Reserve may not raise interest rates on lower inflation expectations
LME Copper trading negative on concerns about a global economic slowdown
China's steel and iron ore futures ticked higher in early trade on Thursday.
Indian rupee gained further on FII's inflow and weakening crude oil prices

OIL PRICES FELL AFTER U.S. CRUDE STOCKPILES SURGED TO THEIR HIGHEST LEVELS IN ALMOST 17 MONTHS

- ▲ U.S. crude inventories rose 7 million barrels to 456.6 million barrels in the last week, their highest since November 2017
- ▲ U.S. crude oil production remained at a record 12.2 million barrels per day (bpd)
- ▲ The United States the world's biggest oil producer ahead of Russia and Saudi Arabia
- ▲ Global oil markets remain tight amid supply cuts led by the OPEC, U.S. sanctions on Iran and Venezuela, and escalating fighting in Libya
- ▲ Venezuela's oil output drops to a new low of 960,000 bpd with a loss of 500000 bpd from February
- ▲ Washington to slap tariffs on hundreds of European goods which halted a rally in global equities
- ▲ Japanese government officials held talks with their U.S. counterparts from state and energy departments on Iran sanctions on April 8th in Washington

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 facing stiff resistance around \$70 per barrel; we see a further bullish move towards \$72.15 and \$73.20 per barrel in the near term, key support remains near 68.40-66.40

GOLD AT TWO WEEKS HIGH, FEDERAL RESERVE MAY NOT RAISE INTEREST RATES ON LOWER INFLATION EXPECTATIONS

- ▲ Gold is trading near two weeks high after FOMC minutes
- ▲ US central bank would pause on raising interest rates for the remainder of this year after expectations of soft inflation
- ▲ The core consumer price index rose less than forecast in March
- ▲ Brexit is to be delayed until the end of October under a plan to avoid a chaotic no-deal split
- ▲ European Central Bank President Mario Draghi warned that euro-area growth has cooled further this year and could yet worsen
- ▲ Gold also received support from International Monetary Fund global growth outlook
- ▲ U.S. President Donald Trump threatened to impose tariffs on \$11 billion worth of European Union products opening a new front in his global trade war
- ▲ Venezuela removed eight tonnes of gold from the central bank's vaults last week
- ▲ SPDR Gold Trust, the holdings fell 0.35 percent to 757.85 tonnes on Tuesday

Outlook

- ▲ Short term recovery in gold prices is a result of weakness in the dollar index after the IMF report on world economic growth. Gold may face minor resistance around \$1305-1312, while key support remains near \$1285. Gold is receiving support from trade tension between US-Russia and world economic condition after recent tariff war but Higher equities, US-China trade talks and FOMC minutes this week may push the dollar slightly higher which may result in softer gold prices

LME COPPER TRADING NEGATIVE ON CONCERNS ABOUT A GLOBAL ECONOMIC SLOWDOWN

- ▲ Federal Reserve minutes and IMF have forecasted slower growth in the world economy in 2019 keeping a lid on copper prices although it is receiving minor support from progressing US-China trade talks
- ▲ The US-China trade talks are improving and discussions on a mechanism to enforce any trade agreement
- ▲ Chile's Codelco, the world's biggest copper producer, is set to shell out \$40 billion in 10 years to

overhaul its century-old Chuquicamata and El Teniente mines

- ▲ China's factory price growth accelerated to 0.4 percent
- ▲ JPM's Kaneva sees Chinese Copper Demand Growing 3% in 2019
- ▲ China Retail car sales fell 12 percent to 1.78 million units in March, which follows an 18.5 percent drop in February and a 4 percent decline in January
- ▲ An indigenous community in Peru voted to suspend its two-month road blockade of Las Bambas copper mine for two days until the government visits the region on Thursday

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.

CHINA'S STEEL AND IRON ORE FUTURES TICKED HIGHER IN EARLY TRADE ON THURSDAY.

- ▲ Steel and iron ore prices are supported by expectations that domestic demand will remain strong amid brisk construction activity in China.
- ▲ For China steel industry, April and May are seen as peak season as construction activity resumes amid warmer temperature after a winter break. Steel mills are increasing production in anticipation of additional demand as China plans further infrastructure projects to support its cooling economy.
- ▲ Investors weigh rising iron ore prices on environmental restrictions and the health of the property sector in China.
- ▲ Market seeing an acceleration of China's property market, a major driver of steel demand.
- ▲ Project sales of major home builders rebounded in March after contracting earlier in the year
- ▲ National Australia Bank Ltd. raised its iron ore price forecast to \$82/ton for 2019, up from \$80
- ▲ Supply disruptions in Brazil and Australia may keep iron ore prices firm
- ▲ China is likely to consume less coke in steel-making by 2020 due to the rising use of scrap
- ▲ The world economy will grow 3.3% this year, down from the 3.5% the IMF had forecast for 2019 in January

INDIAN RUPEE GAINED FURTHER ON FII'S INFLOW AND WEAKENING CRUDE OIL PRICES

- ▲ The Indian rupee gained against the dollar as foreign fund flows continued into equities market and softening crude oil prices decreased demand for the dollar
- ▲ On the domestic front, inflation and industrial production numbers will be released on Friday. The market expects inflation in March to inch higher compared to the previous month

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 1429.92 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 461.29 crore on April 10th
- ▲ In April 2019 FIIs net bought shares worth Rs 3945.25 crore, while DIIs were net sellers to the tune of Rs. 1521.93 crore

Outlook

- ▲ Indian rupee is unable to hold on to any gains post RBI meet which lowered growth forecasts in anticipation that lower inflation will create rural distress. IMF also lowered Indian growth forecast for the year 2019 and 2020. 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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