
US February nonfarm payroll dropped to 20000 against market expectation of 180000
China consumer price index (CPI) rose by 1.5% and PPI rose by 0.1 percent in February Year on year basis
Gold rallied above \$1300 per ounce after US jobs data
Oil prices rose due to comments from Saudi oil minister Khalid al-Falih on OPEC+ production cut
Indian rupee recovered against dollar after equity rally and inflow from foreign portfolio investors
Zinc rallied as inventories decline at LME
Steel demand may pickup if China reduces VAT from 16% to 13% on manufacturing and other industries

US FEBRUARY NONFARM PAYROLL DROPPED TO 20000 AGAINST MARKET EXPECTATION OF 180000

- ▲ Job growth came to a near halt in February. It was the worst month for job creation since September 2017. Nonfarm payrolls increased marginally by 20,000 against market expectation of 180000.
- ▲ Unemployment rate fell to 3.8 percent, which had been projected to be at 3.9 percent from January's 4 percent.
- ▲ Unemployment rose because of two major hurricanes in US.

CHINA CONSUMER PRICE INDEX (CPI) ROSE BY 1.5% AND PPI ROSE BY 0.1 PERCENT IN FEBRUARY YOY BASIS

- ▲ China's consumer price index (CPI) rose by 1.5 percent year on year in February- Source: the National Bureau of Statistics, China had set the CPI target for 2019 at 3 percent.
- ▲ The country's producer price index (PPI) was also up by 0.1 percent year on year in February, according to the Bureau.

GOLD RALLIED ABOVE \$1300 PER OUNCE AFTER US JOBS DATA

- ▲ Gold rallied on Friday above \$1300 per ounce as concerns about global economic slowdown increased due to weak U.S. jobs data.
- ▲ Gold was marginally lower on profit booing after Friday's rally as dollar index rose slightly from Friday's low.
- ▲ Brexit vote on Tuesday- UK is due to leave the EU on March 29, with parliament expected to reject Prime Minister Theresa May's deal in a vote on Tuesday. Britain will face an economic shock if it leaves without a deal which may support gold prices in the medium term.
- ▲ CFTC Data- In the week ended March 5, hedge funds cut their gold net-long position by 54 per cent to 47,872.

Outlook

- ▲ Comex gold may face critical resistance near 1305, further up move could be seen only on a sustained break above this level. Counter is receiving support after poor US jobs data and ongoing Brexit talks along with geopolitical tension such as Venezuela and south East Asian countries of India and Pakistan. Immediate support level can be seen around 1275-1266 while important resistance is seen near 1305-1335.

OIL PRICES ROSE DUE TO COMMENTS FROM SAUDI OIL MINISTER ON OPEC+ PRODUCTION CUT

- ▲ Oil prices rose by comments from Saudi oil minister Khalid al-Falih that an end to OPEC-led supply cuts was unlikely before June.
- ▲ Saudi oil minister Khalid al-Falih said on Sunday it would be too early to change OPEC+ output policy at the group's meeting in April and that China and the U.S. would lead healthy global demand for oil this year.
- ▲ Rig count- US oil and gas drilling rigs fell by 11 rigs- The total number of active oil and gas drilling rigs fell by 11 rigs, according to the report, with the number of active oil rigs falling by 9 to reach 834 and the number of gas rigs falling by 2 to reach 193.

- ▲ Oil production- US crude oil production for week ending March 1 was 12.1 million bpd—a new record : EIA report
- ▲ CFTC- The speculator group raised its combined futures and options position in New York and London by 21,416 contracts to 155,426 in the week ended March 5.

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 RECOVERED AGAINST DOLLAR AFTER EQUITY RALLY AND INFLOW FII's

- ▲ The rupee slipped marginally against the US dollar in early trade to some buying in USD by banks as crude oil rallied and importers bought dollar but later rupee recovered later as equity market rallied.
- ▲ Oil prices rose above \$66 per barrel, lifted by comments on OPEC+ supply, short term positivity in counter may keep Indian rupee under pressure against dollar.
- ▲ FII and DII Data
- ▲ Foreign funds (FII's) bought shares worth Rs. 1095.06 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 470.70 crore on 8th March
- ▲ In March 2019 FIIs net bought shares worth Rs 4313.99 crore, while DII's were net sellers to the tune of Rs.1576.70 crore

Outlook

- ▲ Current weakness in dollar may continue further and rupee might strengthen as FII inflow continued in Mar'19 as well. The USD-INR pair may find support 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.

ZINC RALLIED AS INVENTORIES DECLINE AT LME

- ▲ Zinc prices rose as inventories continued to decline at LME. Metal is also receiving support from China's central bank policy to increase loans and lower borrowing costs after a sharp drop in bank lending in February.
- ▲ Zinc has risen more than 11 percent in London so far in 2019 as zinc stocks at London Metal Exchange-registered warehouses, which fell below 60,000 tonnes. In the short term, sentiment over shrinking stocks continues to support the prices.

Outlook

- ▲ LME 3M Zinc contract may find minor resistance near 2755 and a breach above this could push prices towards recent high of 2803-2010, important support remains near 2680-2659. LME inventory and china steel demand is being closely watched for future outlook.

STEEL DEMAND MAY PICKUP IF CHINA REDUCES VAT FROM 16% TO 13%

- ▲ China may reduce the current value-added tax (VAT) rates from 16 percent for manufacturing and other industries to 13 percent, which will lower the cost and burden for steel and iron companies.

- ▲ According to local media, China's steel and iron industry will embrace a bullish outlook from urbanization and downstream demand after Vat cut. In a retrospective effect, the logistics expenditure will fall that will also strengthen the competitiveness of China's steel exports.
- ▲ China will invest more on infrastructure construction as it pursues a new type of urbanization and the renovation of shanty towns which may lead a robust demand of construction steel Rebar.

Outlook

- ▲ China steel future recovered marginally from recent lows and found strong support 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 poor economic data may weigh on prices; markets await economic stimulus and any reduction in VAT for construction-related activity which may boost demand, US-China trade talks could provide further direction.

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