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Strong dollar pushed gold down after strong PPI and jobs data

Nickel near critical support levels after sell off

Oil prices remains in range, OPEC cut and US inventory report keeping a lid on oil

China steel futures higher on demand outlook after construction activity resumed

Indian rupee holding gains near 69.20 on FII's inflow, rising crude oil price is a risk

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## STRONG DOLLAR PUSHED GOLD DOWN AFTER STRONG PPI AND JOBS DATA

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- ▲ Gold is headed for the biggest decline in two weeks after stronger-than-expected U.S. data eroded the case for the U.S. Federal Reserve to cut interest rates, reducing bullion's appeal as a store of value.
- ▲ U.S. March producer price index rose 0.6% in March, topping estimates for an increase of 0.3 percent.
- ▲ Filings for U.S. unemployment benefits unexpectedly dropped, falling to the lowest level since October 1969. Jobless claims decreased to 196,000 in the week ended April 6, Labor Department figures showed Thursday
- ▲ Dollar gains After U.S. Producer Prices beat estimates; outlook for silver remains negative as compared to gold.

### Outlook

- ▲ Short term recovery in gold prices was a result of weakness in the dollar index after the IMF report on the global economic growth which is expected to be slower than anticipated earlier, however strong US economic data pushed dollar higher and we have seen a steady correction in gold prices yesterday. Gold to face minor resistance around \$1305-1312, while key support remains near \$1285. Gold continues to receive support from trade tensions between US-Russia and world economic condition after recent tariff war but positive US economic data, higher equities, US-China trade talks and outcome of FOMC minutes is pushing the dollar higher which may result in softer gold prices.

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## NICKEL NEAR CRITICAL SUPPORT LEVELS AFTER SELL OFF

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- ▲ Nickel drops and is headed towards biggest weekly loss in four weeks
- ▲ A sluggish global growth prospects and delay over US-China trade is weighing on all industrial metal prices.
- ▲ China's March trade data is to be released today which may give further direction
- ▲ Trade tensions are also growing between the U.S. and the European Union and Japan
- ▲ IMF's forecast for a slowdown in world economy is also keeping prices under particular resistance line
- ▲ Markets are waiting for a U.S.-China trade deal outcome, but a weak global growth forecast and slowdown fears in the Chinese economy has led to a correction in metals
- ▲ LME nickel inventory continued to hover around its lowest level since 2013

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## OIL PRICES REMAINS IN RANGE, OPEC CUT AND US INVENTORY REPORT KEEPING A LID ON OIL

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- ▲ Oil prices bounced by ongoing supply cuts led by OPEC and by U.S. sanctions on petroleum exporters Iran and Venezuela. Meanwhile, 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 is 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 500,000 bpd from February.
- ▲ Washington to slap tariffs on hundreds of European goods which has 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 is 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.

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## CHINA STEEL FUTURES HIGHER ON DEMAND OUTLOOK AFTER CONSTRUCTION ACTIVITY RESUMED

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- ▲ China's steel futures remained higher on expectations that domestic demand will remain strong amid brisk construction activity.
- ▲ Steel mills in northern China are projected to increase production. Winter output restrictions having been lifted completely, may push higher demand for construction steel.
- ▲ Iron ore remains strong, worries on supply tightening after shipments from Brazil and Australia decline. The global iron ore market is facing a deficit this year. Iron ore mine Vale SA operations in Brazil have been curtailed following a fatal tailings dam collapse in January.
- ▲ Major iron ore producers in Australia have lowered their shipment estimates for this year, after a tropical cyclone.
- ▲ Crude steel output in China, which accounts for half of the world's total production, is expected to rise 3-4 percent this year.
- ▲ National Australia Bank Ltd. raised its iron ore price forecast to \$82/ton for 2019, up from \$80
- ▲ China is likely to consume less coke in steel-making by 2020 due to the rising use of scrap

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## INDIAN RUPEE HOLDING GAINS NEAR 69.20 ON FII'S INFLOW, RISING CRUDE OIL PRICE IS A RISK

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- ▲ The rupee strengthened against the US dollar for the third successive session ahead of the important domestic events that are lined up today. Inflation and industrial production numbers will be released on Friday. The market expects inflation in March to inch higher compared to the previous month.
- ▲ Rising crude oil prices remain a matter of concern for this quarter.
- ▲ FII and DII Data
- ▲ Foreign funds (FII's) bought shares worth Rs. 476.51 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 16.58 crore on April 11th
- ▲ In April 2019 FIIs net bought shares worth Rs 4421.76 crore, while DII's were net sellers to the tune of Rs. 1538.51 crore

## Outlook

- ▲ Indian rupee was 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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