
China auto sales fell 13.8% in February, mark eighth month of decline

US retail sales rebound by 0.2%, stronger than expected

Economists expects US economy to grow at 2.1%

Gold slips from \$1300 per ounce after stronger US retail sales data

Oil prices remain firm after comments from Saudi oil minister Khalid al-Falih on OPEC+ production cut

Indian rupee advanced after rally into equities and sustainable FII's inflow in Mar'19

Global zinc market deficit narrowed to 28,000 tonnes

CHINA AUTO SALES FELL 13.8% IN FEBRUARY, MARK EIGHTH MONTH OF DECLINE

- ▲ China's auto sales fell nearly fourteen percent in February from the same month last year. It is eighth consecutive month of decline.
- ▲ Auto sales fell to 1.48 million vehicles that followed declines of 16 percent in January and 13 percent in December. New energy vehicle sales, in contrast, rose 53.6 percent year-on-year in February. (Data published by China Association of Automobile Manufacturers)

US RETAIL SALES REBOUND BY 0.2%, STRONGER THAN EXPECTED

- ▲ US retail sales rose 0.2% as increased purchases of building materials which offset the biggest decline in motor vehicle sales in five years.
- ▲ Sales data for December was revised to show sales tumbling 1.6 per cent instead of increasing 1.2 per cent as previously reported. The drop in December was the biggest since September 2009 when the economy was emerging from recession. (Reuters)

ECONOMISTS EXPECTS US ECONOMY TO GROW AT 2.1%

- ▲ US economy grew at a 2.6 per cent annualized rate in the October-December quarter after expanding at a brisk 3.4 per cent in the third quarter. Economists now expect US GDP growth will be lowered to a 2.1 per cent pace. The government will publish its revision later this month. (Reuters)

GOLD SLIPS FROM \$1300 PER OUNCE AFTER STRONGER US RETAIL SALES DATA

- ▲ Gold dropped from Friday's high as Asian equities rallied following rebound in US equities on Monday, stronger-than-expected U.S. retail sales reduced some fears of economic slowdown.
- ▲ 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 positions by 54 per cent to 47,872.
- ▲ Fed meeting on 19-20 March - Fed Chairman Jerome Powell emphasized he would be closely monitoring how a slowing global economy affects conditions in the United States in order to decide the future of its interest rate trajectory.

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 REMAIN FIRM AFTER COMMENTS FROM SAUDI OIL MINISTER KHALID AL-FALIH ON OPEC+ PRODUCTION CUT

- ▲ 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, China and the U.S. would lead healthy global demand for oil this year.
- ▲ EIA Short-Term Energy Outlook- Output from US wells rising from 11.9 million barrels per day at the end of 2018 to 13.5 million barrels per day by the end of 2020 .Production at the end of 2020 could actually decrease from December's 11.9 million barrels per day level to between 11.3 and 11.5 million barrels per day.
- ▲ 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.
- ▲ 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.
- ▲ Inventory report- API weekly inventory report will be released today and DOE will release its weekly report on Wednesday.

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. Important support is seen around \$64.10 per barrel and \$62.80.

INDIAN RUPEE ADVANCED AFTER RALLY INTO EQUITIES AND SUSTAINABLE FII'S INFLOW IN MAR'19

- ▲ The Indian rupee advanced against the US dollar following a strong rally in domestic equities. Indian equities rallied on hopes that the incumbent NDA government will get the second term, after various pre poll surveys. The robust foreign fund inflows also helped the rupee trade higher.
- ▲ Oil prices lifted by output cuts led by producer group OPEC and healthy demand after increasing US retails sales data and optimism over US-China trade negotiation deal
- ▲ FII and DII Data
- ▲ Foreign funds (FII's) bought shares worth Rs. 3810.60 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 1955.55 crore on 8th March
- ▲ In March 2019 FIIs net bought shares worth Rs 8124.59 crore, while DII's were net sellers to the tune of Rs.3532.25 crore

Outlook

- ▲ Current weakness in dollar may continue further and rupee might strengthen as FII inflow continues in Mar'19 as well. The USD-INR pair may find support around 69.80, in case USD-INR pair breaks support level of 69.80we 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.

BASE METALS RECOVERED ON OPTIMISM OVER BREXIT, GLOBAL ZINC MARKET DEFICIT NARROWED TO 28,000 TONNES

- ▲ Base metal prices rose from recent lows following weaker dollar and equities rally. Optimism regained after European Commission agreed to changes in a Brexit deal and smooth progress over US china deal.
- ▲ US China talk- Top US and Chinese officials held phone talks on Tuesday to discuss the next steps in trade negotiations, Chinese state media said, as the White House said no date has been set for a summit.
- ▲ The global zinc market deficit narrowed to 28,000 tonnes in January from a revised deficit of 62,400 tonnes in December, data from the International Lead and Zinc Study Group (ILZSG) showed.
- ▲ Zinc prices also rallied as inventories continued to decline at LME. Metal is 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.

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