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Indian WPI inflation increased to 3.18 pc in March, from 2.93 pc in February  
Gold remained low on positive economic data from China and strong US earning data  
Copper prices remain supported after 25.7% higher unwrought copper imports by China  
China steel Rebar demand is projected to pick-up after stimulus for infrastructure project  
A supply concern from OPEC members is keeping oil prices higher

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## INDIAN WPI INFLATION INCREASED TO 3.18 PC IN MARCH, FROM 2.93 PC IN FEBRUARY

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- ▲ Indian Wholesale Price Index inflation spikes to 3.18 pc in March, from 2.93 pc in February. Inflation in food articles basket was at 5.68 per cent during March.
- ▲ Indian Rupee trades lower at 69.36 per dollar after inflation data.
- ▲ Rising crude oil prices is also the reason behind the slump in the Indian rupee.
- ▲ In another release on Friday, core inflation rose at a slower pace of 4.97% in March compared to 5.36% in the previous month. Industrial production in February rose a mere 0.1% compared to growth of 1.7% in the previous month.
- ▲ Higher inflation and Slower IIP growth is a signal of weakness in the economy.

### FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 897.45 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 15.99 crore on April 12th.
- ▲ In April 2019 FIIs net bought shares worth Rs 5319.21 crore, while DII's were net sellers to the tune of Rs. 1557.50 crore

### Outlook

- ▲ Recent macro economic data are pushing Indian rupee lower, indicating slower growth expectations. Even, 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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## GOLD REMAINED LOW ON POSITIVE ECONOMIC DATA FROM CHINA AND STRONG US EARNING DATA

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- ▲ Gold prices remained lower after stronger China export data and a robust U.S. earnings season.
- ▲ Positive economic data is soothing concerns about global economic slowdown.
- ▲ U.S. Treasury Secretary Steven Mnuchin said on Saturday a U.S.-China trade agreement would go "way beyond" previous efforts to open China's markets to U.S. companies
- ▲ On Friday positive US economic data also weighed on the gold prices, the producer price index rose 0.6 percent in March, topping estimates. Filings for U.S. unemployment benefits unexpectedly dropped to 196,000, falling to the lowest level since 1969. Federal Reserve is seeing jobs data as a barrier to raise interest rate further.
- ▲ Prime Minister Theresa May is working for a compromise with on a post-Brexit customs alliance with the European Union.
- ▲ Speculative net long position for gold futures jumped +10808 contracts, to 105364 last week according to CFTC report.

### 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 since then. Gold is expected 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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## COPPER PRICES REMAIN SUPPORTED AFTER 25.7% HIGHER UNWROUGHT COPPER IMPORTS BY CHINA

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- ▲ Copper prices remains supported as China imported 391,000 tonnes of unwrought copper last month. Imports are 25.7 percent higher from previous month and 26.5 percent higher than a year earlier.
- ▲ Shanghai Futures Exchange's biggest metal brokers raised net-short positions on copper, top 20 brokers raise net-short bets on copper across May, June, July to 22,219 contract from 15,466 contracts on April 4
- ▲ Copper stocks in LME warehouses fell for a third straight day; by 2,000 tonnes to 192,425 tonnes while SHFE copper inventories declining 5 percent from a week ago to 245,178 tonne.
- ▲ Trade talk Optimism improved over U.S. Treasury Secretary Steven Mnuchin comments that U.S.-China trade agreement would go "way beyond" previous efforts to open China's markets to U.S. companies.

### Mining News

- ▲ Bambas mine in Peru has progressively restored critical supplies and increased staffing levels over last week.
- ▲ Rio Tinto Ltd said it would invest an extra \$302 million to develop its Resolution copper project.
- ▲ Copper is expected to have further disruptions this year as compared to 2018, as labour strike, extreme weather and unexpected project delays will knock as much as a million tonnes off 2019 production, Chilean miner Antofagasta's chief executive said.

### Outlook

- ▲ LME 3M Copper may remain in the 6400-6550 range this week with slight bullish bias as US-China may reach a trade deal. Decreasing LME and SHFE copper inventories and positive US and China economic data supporting positive move in Copper prices.

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## CHINA STEEL REBAR DEMAND IS PROJECTED TO PICK-UP AFTER STIMULUS FOR INFRASTRUCTURE PROJECT

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- ▲ China's Shanghai steel near multiyear high which is supported by firm demand and expectations that the government will boost stimulus measures to support infrastructure projects.
- ▲ Infrastructure sector will be revamped in China after stimulus; demand for steel rebar is expected to be higher than last year.
- ▲ China's state planner projected urbanization plan for 2019 and plan to improvement of infrastructure projects in mid- and small-cities and an expansion of transportation systems.
- ▲ Inventory of steel products at Chinese traders fell to 14.25 million tonnes, with rebar stocks at 7.67 million tonnes and hot-rolled coil at 2.24 million tonnes last week according to private survey agency.
- ▲ Increased steel operations also helped to drive demand for iron ore.

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## A SUPPLY CONCERN FROM OPEC MEMBERS IS KEEPING OIL PRICES HIGHER

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- ▲ Brent oil is trading near five-month high as concerns over global supplies remain intact.
- ▲ The head of Libya's National Oil Corp warned on Friday that renewed fighting could wipe out crude production in the country.
- ▲ OPEC+ member are meeting in June to decide whether to continue withholding supply. OPEC, Russia and other producers are reducing output by 1.2 million bpd from Jan. 1 for six months.
- ▲ Saudi Arabia could raise output from July if disruptions continue elsewhere. Russia and OPEC may decide to boost production to fight for market share with the United States but this could push oil prices as low as \$40 per barrel.

- ▲ According to the CFTC Commitments of Traders report for the week ended April 9, net long for crude oil futures jumped +35301 contracts to 516 662 for the week. Speculative long positions rose +31 454 contracts while shorts dropped -3 847. Traders remained bullish as crude oil price extended the rally for another week.

## Outlook

- ▲ Brent oil may remain higher following supply concerns from OPEC+ nations and US oil imports. However concerns about global economy are acting as a headwind which could reduce demand. Brent oil is holding above resistance turned support levels of \$70 per barrel; we see a further bullish move towards \$72.15 and \$73.20 per barrel in the near term, immediate key support remains near 68.40-66.40.

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