
Indian rupee regained strength after weakness in dollar and consistent FI's flow
Gold corrected further after dollar strengthened on the back of Brexit delay
Oil prices remain firm near \$67 per barrel, inventory report and OPEC+ production cut in focus
Copper is in the range between 6375-6485 from last one week

INDIAN RUPEE REGAINED STRENGTH AS WEAKNESS IN DOLLAR AND FII'S FLOWS CONTINUE

- Indian rupee strengthened against the US dollar due to continued FII's flows and strong equity markets
- Brent Oil prices remain firm near \$67 per barrel following US crude inventory report and update on OPEC+ production cut measures. Rising oil prices are a risk to strength in domestic currency

FII and DII Data

- Foreign funds (FII's) bought shares worth Rs. 4323.49 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 2130.36 crore on 15th March
- In March 2019 FIIs net bought shares worth Rs 19131.07 crore, while DIIs were net sellers to the tune of Rs.8979.00 crore

Outlook

- The current weakness in the dollar may continue further resulting in rupee strength backed by FII flows in Mar'19. USD-INR pair may find support around 68.80, in case USD-INR pair breaks this support level we may witness a fresh decline towards 68.30. Meanwhile, the key resistance is placed at 69.90; otherwise it may also remain in the 69.90-68.30 range. FII inflow could continue to support Indian rupee however any increase in crude prices from current levels may limit Rupee strength.

GOLD CORRECTS BEFORE FED MEETING AND POSITIVE EQUITY MARKETS

- Gold corrects further from Friday's close ahead of Federal Reserve meeting which is expected to give further clarity on the interest rates in US.
- US Federal Reserve is expected to keep rates on hold when it announces its policy on Wednesday. Chairman Jerome Powell has made it clear that the U.S. central bank is in no rush to adjust borrowing costs. Federal Reserve is expected to sound a dovish tone in its upcoming meeting.
- Brexit- Theresa May is hoping to get through a Brexit deal at the last minute on Monday and hopes that the third attempt to pass the deal proves lucky for her, she has appealed to the MPs to be patriotic and support the deal
- A rally in the riskier assets has also led to softening of gold prices in the near term

Outlook

- Comex gold may face critical resistance near 1305-10; further direction could be given by the FED meeting which will be held this week. It faced resistance near the 20-day SMA on the daily charts from where the precious metal experienced selling; trend could remain weak to sideways while prices remain below 1310. Immediate support can be seen around 1275-1266 while important resistance is seen near 1305-1335.

OIL PRICES REMAIN FIRM NEAR \$67 PER BARREL, OPEC+ PRODUCTION CUTS A TAILWIND

- Crude oil continues to gain support from ongoing production cuts from the OPEC+ group of producers as well as production slump from a blacked-out Venezuela although rally has been capped by economic slowdown concerns which could negatively impact fuel demand going forward
- The illusive trade deal between US and China is also keeping a lid on the crude oil prices as Brent oil continues to trade in the 68.15-64.00 range.
- US manufacturing output declined for a second consecutive month in February indicating slowing down of economy in the first quarter which is acting as a headwind for crude prices
- Saudi has indicated on Sunday that oil markets are imbalanced as inventories remain at elevated levels, Russia also sounded supportive as it intends to continue production cuts till June-2019 at least.

Outlook

- Though the medium term trend for Brent oil remains positive as OPEC+ production cut and US-China trade deal has supported prices. Crude could trade in the \$68-\$64.00 range in the near term.

Increasing US production levels and crude oil inventories is keeping a lid on prices. Important support is seen around \$64.10 per barrel and \$62.80.

COPPER CONTINUES TO TRADE IN THE 6375-6485 RANGE; SUPPLY CONCERNS SUPPORT PRICES

- ▲ US-China trade deal- U.S. President Trump said that he is in no rush to complete a trade pact with China, intellectual property, a major sticking point between the two sides
- ▲ Brexit - Theresa May is hoping to get through a Brexit deal at the last minute on Monday and hopes that the third attempt to pass the deal proves lucky for her, she has appealed to the MPs to be patriotic and support the deal
- ▲ Supply tightness has pushed the industrial metal higher today, outweighing concerns of weak US industrial output and increased inventory at the LME. LME copper stocks surged by 67 percent on Thursday and Friday however concerns remain over probable market deficit keeping prices at elevated levels
- ▲ China VAT- China will cut value-added tax (VAT) for manufacturing and other sectors on April 1st and social security fees from May 1st. VAT for the manufacturing sector will be cut by 3 percentage points to 13 %. On transport and construction will also be cut from 10% to 9%. Reduction in VAT may revive the economy and is projected to increase industrial metals demand
- ▲ China's import for unwrought copper and copper concentrate combined was up 12.4 percent year-on-year in January-February indicating strong demand.

Outlook

- ▲ Supply concerns for copper along with widening market deficit is outweighing increased inventory at the LME last week. Optimism over US-China trade talks could support copper prices further. Copper may find support around 6370; short-term trend remains positive above this level, meanwhile, immediate resistance is seen near 6544-6702.

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