
U.S. crude supplies post biggest weekly climb of the year
Indian rupee strengthened marginally post Fed meeting
Gold drops after Fed meeting, focus is on monthly nonfarm pay roll data on Friday

U.S. CRUDE SUPPLIES POST BIGGEST WEEKLY CLIMB OF THE YEAR

- ▲ Crude oil traded lower after the EIA reported a substantial build in crude oil inventories. EIA reported crude oil inventories at 9.9 million barrels for the last week of April. EIA also reported that gasoline inventories had risen by 900,000 barrels last week. Distillate fuel inventories shed 1.3 million barrels last week, compared with a decline of 700,000 barrels a week earlier.
- ▲ Oil prices came under pressure last week after U.S. President Donald Trump openly pressured OPEC to meet the supply shortfall caused by the tightening Iran sanctions.
- ▲ OPEC may discuss to increase production after supply short fall from Iran and Venezuela. However supply situation remains tight, oil prices surged by around 40 percent between January and April, lifted by supply cuts from OPEC and US sanction on Iran and Venezuela.
- ▲ According to experts, Iranian oil production is projected to decline to 1.9 million barrels per day in 2Q19 from 3.6 million barrels per day in 3Q18.
- ▲ Negative China PMI data also increased expectation for a global slowdown of manufacturing activity which may dampen oil demand.
- ▲ CTFC reports that net longs for crude oil future jumped by +32101 contracts to 557 359 for the week. Speculative long positions rose +28560 contracts while shorts dropped -3541.

Outlook

- ▲ Crude oil inventory pushed oil prices down from recent highs though Brent oil rallied last month after US pushed to end sanction waivers granted to 8 oil consumers including India and China. Oil is also up following supply concerns from OPEC+ nations and US oil imports. Brent oil is holding below key resistance levels of \$72.40 per barrel; we see a further negative move towards \$70.23 and \$68.91 per barrel in the near term if oil supply keeps on increasing; while oil may receive support from OPEC+ production cut and immediate resistance is seen around \$74.13 and \$75.73 per barrel.

INDIAN RUPEE STRENGTHENED POST FED MEETING

- ▲ USD-INR is trading in a tight range after Fed meeting. Fed holds rates steady, in absence of inflationary pressure. The central bank held its benchmark rates in a target range between 2.25% and 2.50%
- ▲ Rupee also received support from correcting crude oil prices. Oil falls On soaring U.S. Crude inventories.

FII and DII Data

- ▲ Foreign Funds (FII's) bought shares worth Rs. 114.59 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 730.02 crore on April 30th.
- ▲ In April 2019, FII's net bought shares worth Rs. 12749.5 crores, while DII's were net sellers to the tune of Rs. 4219.46 crores.

Outlook

- ▲ Recent macro-economic data are pushing the Indian rupee lower, indicating slower growth expectations. Even the IMF has lowered the Indian growth forecast for 2019 and 2020. The 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 levels, while important resistance is seen around 70.23 levels.

GOLD DROPS AFTER FED MEETING, FOCUS IS ON MONTHLY NONFARM PAY ROLL DATA ON FRIDAY

- ▲ Gold remains in range with negative bias, it later declined below its 2 week low. Federal Reserve holds interest rates steady due to lack of inflationary pressures.
- ▲ Focus is on Jobs data that will be released on Friday. ADP reported that its clients added 275,000 new employees in April far more than forecast and the highest total since last July.
- ▲ Gold was marginally up in start of this week over disappointing Chinese manufacturing activity, but short term trend continues to remain weak. China's manufacturing PMI in April unexpectedly declined to 50.1 in April from March's reading of 50.5.
- ▲ U.S. inflation figures exerted pressure on the dollar. The personal consumption expenditure price index excluding food and energy, slowed to 1.3% in the 12 months through March, from 1.8% in the previous month.

Outlook

- ▲ Gold drops to four month low after Fed meeting. Gold is expected to find minor support near \$1270, on a break below \$1,270 it could result in a decline for the precious metal towards \$1,260 & \$1,249. Immediate resistance level is seen around \$1297-1307. Meanwhile gold may receive some support from increasing geopolitical tensions after US-Iran sanctions waiver talks and poor China and German data.

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