
Gold remains near 10Month high as bond yield decline
Copper rallied to multi month highs on hope of a trade deal
Steel Rebar trades sideways on demand concern, mills delay restocking
Brent oil corrects marginally on U.S. oil production growth and Iran exports
Indian rupee gain marginally after crude oil halts the rally

GOLD REMAINS NEAR 10 MONTHS HIGH AS BOND YIELD DECLINE

- ▲ Gold prices hit their highest since April 19, 2018 as the dollar corrected marginally on falling U.S. Treasury yields and optimism surrounding trade talks between the United States and China.
- ▲ A new round of talks between Beijing and the United States to resolve their trade spat will take place in Washington later in the day, with follow-up sessions at a higher level in the course of the week, progress in talks would mean that the dollar index could weaken further thus helping gold remain resilient
- ▲ Brexit- uncertainty continues, Theresa May is due to meet with European Commission president Jean-Claude Juncker on Wednesday.

Outlook

- ▲ Gold has broken recent consolidation range of \$1305-\$1331 per ounce, counter may continue its bullish move towards immediate resistance of \$1368-\$1392 in short term. Gold is likely to receive support from geopolitical issues such as Brexit, Venezuela, and trade talks between the US and China. Any rally in dollar index is a risk to bullish gold prices in the short term, immediate support is seen around \$1324-\$1303.

COPPER RALLIED TO MULTI MONTH HIGHS ON HOPE OF A TRADE DEAL

- ▲ Copper prices rallied towards highest level in more than two months due to weakness in dollar and hopes that the United States and China would seal a trade deal.
- ▲ A new round of talks between the US and China took place in Washington aimed at resolving the trade war. Dollar index weakened and helped the rally in copper.
- ▲ Better-than-expected Chinese lending data on Friday along with policymakers trying to prevent a sharper economic slowdown has buoyed the base metals markets.

Outlook

- ▲ Global growth concern and increasing supplies are keeping rally limited however positive developments in the US-China trade talks may push prices higher. As LME 3M Copper prices sustain

STEEL REBAR TRADES SIDEWAYS ON DEMAND CONCERN, MILLS DELAY RESTOCKING

- ▲ Steel price continues to remain weak on poor demand; mills will delay restocking until steel sales pick up
- ▲ Following the Lunar New Year holiday earlier this month, construction sites and manufacturing plants would typically restart business this week.
- ▲ China's top steelmaking province Hebei issued an orange pollution alert last week, effective from Feb. 17 that could last until around Feb.22. Orange alerts require industrial companies to cut output by at least 30 percent.
- ▲ Chinese steel prices may receive support by positive trade talks and Trump's comments of extending the dead line for talks

Outlook

- ▲ Steel rebar future on SHFE are likely to rise, supported by iron ore prices and optimism over US-China trade talks as construction demand picks up this week; the next level of resistance is seen around 3833-3920

BRENT OIL CORRECTS marginally ON U.S. OIL PRODUCTION GROWTH AND IRAN EXPORTS

- ▲ U.S. oil production growth and expected slowdown in global economy lead by tariff war is keeping oil rally limited.
- ▲ US Oil production - Crude output, which soared by more than 2 million bpd in 2018 in US to a record 11.9 million bpd
- ▲ Iran exports- Despite the sanctions, Iran's crude exports were higher than expected in January, averaging around 1.25 million bpd against market expectation of a drop below 1 million bpd.
- ▲ OPEC to balance supply- Oil prices rallied last week as Saudi Arabia is expected to reduce shipments of light crude oil to Asia in March as a part of the effort to tighten markets.

Outlook

- ▲ Brent oil has crossed critical resistance around \$63.74 per barrel and immediate upside is seen till \$67.00 and \$68.60, while it holds its key support of \$62.20 and \$60.80. Brent oil is expected to remain positive as OPEC production cut, Venezuela issues and Libya could keep oil on the boil, US trade talks would also be watched closely for further clarity.

INDIAN RUPEE GAIN marginally AFTER CRUDE OIL HALTS THE RALLY

- ▲ The rupee inched up marginally against the US dollar in early trade after crude oil halts bullish move but foreign fund outflows continue to weigh on sentiments.
- ▲ Oil has traded sideways after hitting a three-month high on OPEC cuts, U.S. sanctions on Iran, Venezuela, though the trend remains positive some breather by oil may give required strength to the Rupee against the dollar

FII and DII Data

- ▲ Foreign funds (FII's) sold shares worth Rs. 813.76 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 1163.85 crore on February 19th
- ▲ In February 2019 FIIs net sold shares worth Rs. 957.55 crore, while DII's were net buyers to the tune of Rs. 5920.37 crore.

Outlook

- ▲ FII's outflow from the Indian market from last 5 days has resulted in the weakness in the Indian rupee. Selling into equities and high crude prices are the key reason behind rupee weakness. USD-INR pair however could face minor resistance around 71.90-72.20.

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