
Gold experiences profit booking after fed comments however trend remains positive
Copper continues to rally on US-China optimism
Uptrend for Brent oil continues on supply constraints as fundamentals support
Indian rupee continues to strengthen after a smart rally in Indian equities

GOLD EXPERIENCES PROFIT BOOKING AFTER FED COMMENTS HOWEVER TREND REMAINS POSITIVE

- ▲ Gold declined after hitting fresh highs yesterday but corrected subsequently after the Fed minutes, as expectations increased for a rate hike later in the year thus pushing the dollar higher and thus weakening the precious metal
- ▲ FED minutes meeting for the January meeting, said the U.S. economy and its labor market remained strong, prompting some expectations of at least one more interest rate hike this year, higher interest rates make gold less attractive since it does not pay interest and costs to insure store.
- ▲ Eyes on the developments on the US-China trade war front, any news on extension could have a negative impact on the gold prices
- ▲ Spdr gold trust <gld> reports holdings up 0.26 pct, or 2.05 tonnes, to 794.50 tonnes by feb 20

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 CONTINUES TO RALLY ON US-CHINA OPTIMISM

- ▲ Copper prices rallied to the highest level in more than two months due to the optimism around the US-China trade war situation. However copper did edge lower after hitting a two month high as the dollar index rebounded post the FED meeting minutes for January.
- ▲ Better-than-expected Chinese lending data on Friday along with policy makers trying to prevent a sharper economic slowdown has buoyed the base metals markets.
- ▲ LME COPPER: Three-month copper on the London Metal Exchange was down 0.40 percent at \$6,370.50 a tonne

Outlook

- ▲ Positive developments in the US-China trade talks are push prices higher. If LME 3M Copper prices sustains above \$6265 we could see it achieving \$6450 and \$6500 in the near term.

UPTREND FOR BRENT OIL CONTINUES ON SUPPLY CONSTRAINTS AS FUNDAMENTALS SUPPORT

- ▲ Saudi kingdom world's top oil exporter plans to reduce crude oil exports to Asia for March, Saudi is expected to stop giving additional supplies of Arab Extra Light crude to refiners
- ▲ U.S. crude stocks rose previous week as imports rose, while gasoline and distillate inventories decreased, data from industry group the American Petroleum Institute (API) showed on Wednesday
- ▲ According to the API data Crude inventories rose by 1.3 million barrels in the week to Feb. 15 to 448.5 million, compared with analysts' expectations for an increase of 3.1 million barrels. Crude stocks at the Cushing, Oklahoma, delivery hub rose by 3.2 million barrels
- ▲ OPEC Refinery crude runs rose by 32,000 barrels per day, API data showed. Gasoline stocks fell by 1.6 million barrels, compared with analysts' expectations in a Reuters poll for a 350,000-barrel decline.

Outlook

- ▲ Brent oil has crossed critical resistance around \$63.74 per barrel and immediate upside is seen till \$67.50 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 CONTINUES TO STRENGTHEN AFTER A SMART RALLY IN INDIAN EQUITIES

- ▲ The rupee strengthened marginally against the US dollar in early trade on Thursday following a good show on Wednesday, after a decent rally in Indian equities. Oil has traded sideways and continued its uptrend after hitting 2019 highs post the OPEC cuts, U.S. sanctions on Iran, Venezuela. Trend for crude remains positive which is being supported fundamentally by supply constraints.

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 713.47 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 113.27 crore on February 20th
- ▲ In February 2019 FIIs net sold shares worth Rs. 244.085 crore, while DIIs were net buyers to the tune of Rs. 6033.61 crore.

Outlook

- ▲ FIIs and DIIs were net buyers on Wednesday thus resulting in a strong rally in equities, the Rupee has also strengthened indicating Dollar inflow. USDINR has support near 70.50 in the near term from where we can expect a halt.

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