
Dollar remains firm and pushes gold down as Fed is expected not to cut interest rates
Copper rose on trade talk optimism and supply concern
OPEC+ production cut continue to support Brent oil
Rupee remains flat after previous session rally, eyes on Crude oil prices and election results
Demand outlook in China has pushed steel rebar prices higher

DOLLAR REMAINS FIRM AND PUSHES GOLD DOWN AS FED IS EXPECTED NOT TO CUT INTEREST RATES

- ▲ Gold remain near a two-week low as U.S.-China trade war support for the dollar.
- ▲ The dollar strength since March has been the primary driver behind the negative move in gold, the dollar is heading for a fourth consecutive monthly rise in May, potentially the longest run of gains since 2015
- ▲ FOMCE Minutes- The minutes of the Federal Reserve's April 30-May 1 policy meeting will be released Wednesday.
- ▲ President Donald Trump blacklisted Huawei Technologies but temporary trade action allows the global tech giant to continue servicing existing customers.
- ▲ United States consumer sentiment jumped to a 15-year high in early May amid growing confidence over the economy's outlook

Outlook

- ▲ Gold rallied on US-China tariff issue cooled off once president trump tweeted that talks have not collapsed completely. Positive US economic data and optimism over trade talks pushed the dollar higher and gold corrected on profit booking from its one month high. Gold is not receiving support from Middle Eastern tensions after the Terror attack on Saudi pumping station and deployment of the US military. Gold is underpricing all geopolitical risks. All eyes on Federal reserve meeting minutes to be released this Wednesday to provide further direction. Gold could find support near \$1270 and \$1260 while critical resistance remains near \$1307 and 1324.50.

COPPER ROSE ON TRADE TALK OPTIMISM AND SUPPLY CONCERN

- ▲ Copper prices received support after the United States temporarily eased some trade restrictions on Chinese telecoms giant Huawei.
- ▲ Copper also found support as supply concerns at copper mine; Codelco has made an initial offer for a labor contract to unions at its Chuquibambilla mine.
- ▲ Chinese copper output affected by maintenance this year will be greater than 2018, given almost all Chinese refineries have plans to conduct the checks.
- ▲ Copper prices may find some support as China's import restriction of copper scrap of category 6 will worsen the supply.
- ▲ ICSG Report - The global world refined copper market showed a 74,000 tonnes surplus in February, compared with a 33,000 tonnes deficit in January.

Outlook

- ▲ LME 3M copper contracts may find minor support around 6011, break below this may push counter toward 5988-5874 in the near term. Ongoing tariff issues between the US and China are turning out to be negative for metals as demand may slow down in the coming months. Copper may receive minor support from product shortages and declining inventories, important resistance is seen near 6224-6303.

OPEC+ PRODUCTION CUT CONTINUE TO SUPPORT BRENT OIL

- ▲ Oil prices jumped after Saudi Energy Minister Khalid al-Falih indicated there was a consensus among OPEC and allied oil producers to continue limiting supplies. OPEC+ agreed to reduce output by 1.2 million barrels per day from Jan. 1
- ▲ The number of active oil and gas rigs declined again in the United States, the number of active oil rigs fell by 3 to reach 802 and the number of gas rigs increased by 2 to reach 185
- ▲ API crude oil inventory on Tuesday and EIA report on Wednesday may provide some direction to the

counter later this week.

Outlook

- ▲ Brent oil rebounded after US military deployment in the Middle East and attack on the Saudi oil tanker which is a threat to world oil supplies. US action to evacuate embassy in Iraq indicates that tensions with Iran could escalate in the near term. Intensifying tensions between the US, Iran, and Venezuela may push oil prices higher. Saudi has already signaled that it would not be increasing production and suggested OPEC+ continue with oil production cuts; we can expect a further rise in crude prices in the coming months. We expect a further move towards 75.95-77.93 per barrel in the near term.

RUPEE REMAINS FLAT AFTER PREVIOUS SESSION RALLY, EYES ON CRUDE OIL PRICES AND ELECTION RESULTS

- ▲ Rally in equities helps rupee gain strength yesterday but remains in the range today as higher crude oil prices still pose a threat.
- ▲ India awaits election results next week on May 23rd while Indian equities rallied after exit poll results that the current government may regain the majority in the house.
- ▲ Higher oil prices limit rupee rally; we may see selling pressure in the coming days. Brent oil is trading firm above \$72 per barrel on Saudi comment over OPEC supply.
- ▲ FIIs pour money first time into domestic equities over exit poll outcome after 11days decline
- ▲ FII and DII Data
- ▲ Foreign Funds (FII's) bought shares worth Rs.1734.45 crores, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs. 542.71 crore on May 20th
- ▲ In May'19, FII's net sold shares worth Rs.8485.67 crores, while DII's were net buyers to the tune of Rs. 542.71 crores.

Outlook

- ▲ Recent macro-economic data points are pushing the Indian rupee lower, indicating slower growth expectations. US-China tariff war is putting pressure on the global equities and emerging market currencies are expected to be negatively impacted. Markets are eyeing election results on 23rd May while exit polls confirm current NDA government to regain the majority. Indian rupee could weaken as crude oil prices are trading higher. USD-INR could find support near 68.80-68.40 levels, while important resistance is seen around 70.23 levels.

DEMAND OUTLOOK IN CHINA HAS PUSHED STEEL REBAR PRICES HIGHER

- ▲ Construction activity increased in April and demand for steel rebar is projected to improve further
- ▲ China's real estate investment surged 12% in April from a year earlier according to government data
- ▲ Steel inventory levels also indicated improved demand in the region. Chinese traders and mills, indicating demand is still solid
- ▲ China's iron ore futures traded at a record high since 2010, over firm demand outlook from steel mills.
- ▲ China steel mills utilization rate increased by 0.28% to 69.06% from the previous week, according to a private survey report
- ▲ Vale would resume a third of production, or 10 million tonnes, at its biggest iron ore mines in Minas Gerais which has been shut since a tailings dam accident
- ▲ Inventory of imported iron ore at Chinese ports has declined to 131.7 million tonnes as of Monday, its lowest level since mid-October in 2017

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