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US may announce to end sanction waivers on Iranian oil imports  
Rupee tumbles after Brent oil rallied on the news of Iran sanction waiver  
Safe haven demand pushes Gold prices higher on geopolitical tensions  
SHFE Aluminium at highest level since October after inventories decline  
Chinese steel prices rose on optimism over Chinese economy

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## US MAY ANNOUNCE TO END SANCTION WAIVERS ON IRANIAN OIL IMPORTS

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- ▲ Oil market is speculating that US might end all sanction waivers for Iranian oil.
- ▲ The U.S. re-imposed sanctions in November on exports of Iranian oil after President Donald Trump pulled out of nuclear accord with waivers to eight main buyers of oil, mostly in Asia. Iran's biggest oil customers are China and India.
- ▲ Rig count - The total number of US active oil and gas drilling rigs fell by 10. Active oil rigs fell by 8 to reach 825 and the number of gas rigs fell by 2 to reach 192.
- ▲ According to the CFTC Commitments of traders report for the week ended April 16, net longs for crude oil futures dropped -1404 contracts to 515258. Speculative long positions fell -5656 contracts while shorts dropped -4252.

### Outlook

- ▲ Brent oil rallied on speculation that US may end sanction waivers granted earlier meanwhile oil may remain higher following supply concerns from OPEC+ nations and US oil imports. However, concerns about the slowdown in global economy are acting as a headwind which could reduce demand. Brent oil is holding above resistance turned support levels of \$72.40 per barrel; we see further bullish move towards \$74.13 and \$75.76 per barrel in the near term; immediate key support remains near 71.81-70.23 for short term.

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## RUPEE TUMBLES AFTER BRENT OIL RALLIED ON THE NEWS OF IRAN SANCTION WAIVER

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- ▲ Indian rupee lost along with equities after Crude prices rallied on report that the U.S. government may end sanction waivers that allowed buyers such as India to import Iranian crude
- ▲ RBI meeting minutes - Worries of a slowdown in the economy has dominated monetary policy in last meeting and chances of another interest rate cut in the coming months.
- ▲ FII and DII Data
- ▲ Foreign Funds (FII's) bought shares worth Rs. 1038.46 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs. 337.59 crore on April 18th
- ▲ In April 2019, FII's net bought shares worth Rs. 8109.47 crores, while DII's were net sellers to the tune of Rs. 1273.51 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 the years 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, while important resistance is seen around 69.69-70.23.

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## SAFE HAVEN DEMAND PUSHES GOLD PRICES HIGHER ON GEOPOLITICAL TENSIONS

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- ▲ Gold prices bounced following higher crude prices as geopolitical tensions may increase if US removes sanction waivers on Iranian oil imports.
- ▲ Mounting tensions between the United States and Iran and terror attack in Sri Lanka increased safe haven demand in gold after sell off into equities.
- ▲ Rally in gold was limited due to positive data released last week. U.S. retail sales increased the most in 1-1/2 years in March.

- ▲ According to the CFTC Commitments of traders report for the week ended April 16 net long for gold futures slumped -49091 contracts, to 56273 last week. Speculative long positions plunged -16294 contracts, while shorts soared +32797.
- ▲ Gold ETFs shrank by 11.84 metric tons on Thursday, the biggest drop in tonnage terms since March 2018 according to Bloomberg report.

## Outlook

- ▲ Gold rallied on increasing geopolitical tensions after US-Iran sanction waiver talks. Stronger than expected US and Chinese economic data points pushed gold prices down. It is expected to face minor resistance around \$1,305-1,312, while key support remains near \$1,270. Gold continues to receive support from trade tensions between US-Russia and world economic conditions after the recent tariff war, but positive US economic data, higher equities, US-China trade talks and outcome of FOMC minutes is pushing the dollar higher, which may result in softer gold prices. A break below \$1,270 could result in a decline for the precious metal towards \$1,260 & \$1,249.

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## SHFE ALUMINIUM AT HIGHEST LEVEL SINCE OCTOBER AFTER INVENTORIES DECLINE

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- ▲ SHFE Aluminum Stockpiles shrank by 36,071 tons which is a biggest weekly reduction in tonnage since 2013. SHFE aluminum inventory fell 5.1% to 665,067 tons, the lowest since November 2017.
- ▲ China's economy may stabilize after successful tariff talk between US and China. It may lead to higher demand for industrial metals.
- ▲ Positive US economic data is also supporting recovery in Aluminium demand. U.S. economic growth in first quarter is seen climbing. First-Quarter U.S. GDP Looks Stronger After Trade Gap Narrows.
- ▲ LME is closed on account of Easter Monday holiday today.

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## CHINESE STEEL PRICES ROSE ON OPTIMISM OVER CHINESE ECONOMY

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- ▲ China's steel futures rose after Beijing said it would maintain policy support for the economy.
- ▲ China's Communist Party said last week that China's economy still faces "downward pressure" but government will keep supporting economy by various measures.
- ▲ China's first quarter growth was at 6.4 percent after industrial production jumped sharply and consumer demand showed signs of improvement.
- ▲ Steel production may be affected as Tangshan issued a second-level smog alert, effective from April 20 to April 25. Tangshan to tighten its anti-smog measures in the coming months, which could curb supplies in the market.

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