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Oil prices rushed up as us sanction waivers on Iranian oil import to end by may 1  
Strong equity pushed gold down, focus on US-Iran issue  
Rally into equities limits the loss but rising crude oil pushing the rupee down  
Chinese steel prices remain higher over Chinese economy growth prospects

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## OIL PRICES RUSHED UP AS US SANCTION WAIVERS ON IRANIAN OIL IMPORT TO END BY MAY 1

- ▲ US announced all Iran sanction waivers would end and demanded that buyers of Iranian oil stop purchases by May 1 or face sanctions. The US re-imposed sanctions in November on exports of Iranian oil after President Donald Trump pulled out of the 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 -1,404 contracts to 515,258. Speculative long positions fell -5,656 contracts, while shorts dropped -4,252.

### Outlook

- ▲ Brent oil rallied on speculation that the 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 a slowdown in the 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 a 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 the short term.

## STRONG EQUITY PUSHED GOLD DOWN, FOCUS ON US-IRAN ISSUE

- ▲ Gold prices bounced marginally but later were pushed down by a rally in equities. Gold is still receiving support as mounting tensions between the United States and Iran and terror attacks in Sri Lanka have increased the safe haven demand in gold after the sell-off in equities. The rally in gold was limited due to positive data released last week. US 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 -49,091 contracts to 56,273 last week. Speculative long positions plunged -16,294 contracts, while shorts soared +32,797.
- ▲ Gold ETFs shrank by 11.84 metric tons on Thursday, the biggest drop in tonnage terms since March 2018, according to a 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 the 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.

## RALLY INTO EQUITIES LIMITS THE LOSS BUT RISING CRUDE OIL PUSHING THE RUPEE DOWN

- ▲ Rupee tumbles after Brent oil rallied on the news of Iran sanction waivers, though rupee received minor support from a minor rally in equities today. The Indian rupee lost along with equities after crude prices rallied on reports that the US government may end sanction waivers which allowed buyers such as India to import Iranian crude.
- ▲ RBI meeting minutes - Worries of a slowdown in the economy has dominated the monetary policy in the last meeting and there may be chances of another interest rate cut in the coming months.

### FII and DII Data

- ▲ Foreign Funds (FII's) bought shares worth Rs. 73.08 crores, while Domestic Institutional Investors (DII's)

sold shares to the tune of Rs. 68.16 crores on April 22nd. In April 2019, FII's net bought shares worth Rs. 8,182.55 crores, while DII's were net sellers to the tune of Rs. 1,341.67 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 levels, while important resistance is seen around 69.69-70.23 levels.

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## CHINESE STEEL PRICES REMAIN HIGHER OVER CHINESE ECONOMY GROWTH PROSPECTS

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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 the government will keep supporting the economy through various measures.
- China's first quarter growth was at 6.4 percent after industrial production jumped sharply and consumer demand showed signs of an improvement. Steel production may be affected as Tangshan issued a second-level smog alert, effective from April 20 to April 25. Tangshan is likely to tighten its anti-smog measures in the coming months, which could curb supplies in the market.

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