
Copper market showed a deficit of 8,000 tonnes in Jan'19
Chinese steel futures fell on weak demand expectations
Rising crude oil pushing the rupee down
Higher equities and dollar are keeping gold at four month low
API reported a build in crude oil inventory of 6.86 million barrels

ICSG: COPPER MARKET SHOWED A DEFICIT OF 8,000 TONNES IN JAN'19 FROM A SURPLUS OF 11,000 TONNES IN DEC'18

- ▲ The global world refined copper market showed an 8,000 tonne deficit in January, compared with an 11,000 tonne surplus in December, the International Copper Study Group (ICSG) said in its latest monthly bulletin.
- ▲ The world mine production is estimated to have remained essentially unchanged in January 2019 compared to January 2018. The world refined production is estimated to have increased by 3% in January 2019.
- ▲ The world apparent refined usage is estimated to have increased by about 3% in January 2019.
- ▲ Industrial metals in Shanghai fell on fears that China may ease its economic stimulus
- ▲ A top US economic adviser has said that the United States and China were making progress in their trade talks. U.S. Trade Representative Mr. Robert Lighthizer and Treasury Secretary Mr. Steven Mnuchin will travel to Beijing for trade talks beginning on April 30. Chinese Vice Premier Liu will travel to US for more discussions starting on May 8.

Mining News

- ▲ Bambas mine in Peru has progressively restored critical supplies and increased staffing levels over the last week. Rio Tinto Ltd. has said that it would invest an extra \$302 million to develop its Resolution Copper project.
- ▲ Copper is expected to have further disruptions this year as compared to 2018, as labour strikes, extreme weather conditions and unexpected project delays will knock as much as a million tonnes off 2019 production, Chilean miner Antofagasta's Chief Executive said.

Outlook

- ▲ LME 3M Copper is unable to sustain its rally near the critical resistance level of 6,550, and is now approaching the support level of 6,385. The counter may find support from optimism over US-China trade talks and positive US housing data. Decreasing LME and SHFE copper inventories and positive US and China economic data are supporting a positive move in Copper prices.

CHINESE STEEL FUTURES FELL ON WEAK DEMAND EXPECTATIONS IN THE SOUTH DURING THE RAINY SEASON

- ▲ Construction activity in southern regions of China typically slows down from May due to continuous rains and high temperatures. Steel futures fell, pressured by concerns over weak demand in the south where the rainy season is about to kick off.
- ▲ China's Communist Party said a week earlier 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 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.

RISING CRUDE OIL PUSHING THE RUPEE DOWN, WHILE EQUITY REMAINED IN A RANGE WITH A NEGATIVE BIAS

- ▲ The Indian rupee lost along with equities after Crude prices rallied on reports that the U.S. government may end sanction waivers that allowed buyers such as India to import Iranian crude. Even the dollar remained higher after strong U.S. housing data.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 237.47 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 198.35 crore on April 23rd. In April 2019, FII's net bought shares worth Rs. 7,945.08 crores, while DII's were net sellers to the tune of Rs. 1,143.32 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.

HIGHER EQUITIES AND DOLLAR ARE KEEPING GOLD AT FOUR MONTH LOW; FOCUS IS ON US GDP DATA NOW

- ▲ The US dollar gained after strong US housing data dampened concerns about an economic slowdown in the country and pushed gold prices down to four month low. Focus is on US GDP data, which will be released on Friday. The US is expected to beat estimates of a 2.1 percent rate of growth.
- ▲ Holdings of SPDR Gold Trust fell to 749.63 tonnes on Tuesday, which is the lowest since Oct 23.

Outlook

- ▲ 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.

API REPORTED A BUILD IN CRUDE OIL INVENTORY OF 6.86 MILLION BARRELS FOR THE WEEK ENDING APRIL 19

- ▲ Oil prices corrected marginally as supplies are adequate for now, despite Iran sanctions: The American Petroleum Institute (API) reported a build in crude oil inventory of 6.86 million barrels for the week ending April 19. The International Energy Agency (IEA) will release its weekly inventory report today.
- ▲ Market expectations were for a 167,000-barrel drawdown. Last week, the API reported a draw in crude oil of 3.096 million barrels.
- ▲ Iran sanction waivers by US 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 U.S. re-imposed sanctions in November on exports of Iranian oil after President Donald Trump pulled out of a nuclear accord with waivers to eight main buyers of oil, mostly in Asia. Iran's biggest oil customers are China and India.

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 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.

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