
SHFE ALUMINIUM FUTURES NEAR 6 MONTH HIGH ON IMPROVED DEMAND OUTLOOK
STRENGTH IN DOLLAR CONTINUES TO PUSH RUPEE LOWER
GOLD IS MARGINALLY UP FROM FOUR MONTH LOW ON POOR GERMAN BUSINESS DATA
OIL RALLIED DESPITE INCREASE IN US OIL INVENTORY

SHFE ALUMINIUM FUTURES NEAR 6 MONTH HIGH ON IMPROVED DEMAND OUTLOOK OVER US-CHINA TARIFF TALKS

- ▲ Industrial metals advanced as investors hoped for a U.S.-China trade deal and aluminium trading near six-month high on expectations of higher consumption and lower stocks.
- ▲ Aluminium inventories are at lowest level since Oct'18. London Metal Exchange warehouses stock of Aluminium fell by 14,175 tonnes to 1.03 million tonnes till Wednesday.
- ▲ Trade talk - A top US economic adviser said that 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 be traveling to Beijing for trade talks beginning on April 30. Chinese Vice Premier Liu will travel to US for further discussions starting on May 8.

STRENGTH IN DOLLAR CONTINUES TO PUSH RUPEE LOWER AFTER POSITIVE US ECONOMIC DATA AND RISING CRUDE OIL PRICES

- ▲ The Indian rupee lost along with equities after Crude prices rallied on reports that the U.S. government may end sanctions 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) bought shares worth Rs. 974.88 crores, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs. 657.06 crore on April 24th.
- ▲ In April 2019, FII's net bought shares worth Rs. 8919.96 crores, while DII's were net sellers to the tune of Rs. 1800.38 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 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.

GOLD IS MARGINALLY UP FROM FOUR MONTH LOW ON POOR GERMAN BUSINESS DATA, BIAS STILL NEGATIVE

- ▲ Gold marginally up after recent loss as German business morale deteriorated in April, bucking expectations for a small improvement. Trade tensions over tariff issues between US and European countries have been hurting the industrial engine.
- ▲ Gold may trade negative as bias is still looking weak. 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 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 marginally up from four month low on increasing geopolitical tensions after US-Iran sanction waiver talks and poor German business data. Stronger than expected US housing data and Chinese

GDP data points pushing gold prices down. Gold is expected to face a minor resistance around \$1,305-1,312, while key support remains near \$1,270. A break below \$1,270 could result in a decline for the precious metal towards \$1,260 & \$1,249.

OIL RALLIED DESPITE INCREASE IN US OIL INVENTORY

- ▲ Oil prices do not react to US oil inventory and rallied on tightening sanctions against Iran announced this week.
- ▲ 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.
- ▲ U.S. crude oil inventories surged more than expected last week. According to EIA inventories rose by 5.48 million barrels in the week to April 19. EIA report released a day later when the American Petroleum Institute (API) reported a build in crude oil inventory of 6.86 million barrels.
- ▲ U.S. crude oil production has risen by more than 2 million barrels per day (bpd) since early 2018 to a record of 12.2 million bpd currently.

Outlook

- ▲ Brent oil rallied after US pushed to end sanction waivers granted to 8 oil consumers including India and China. Oil is also up 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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