
Copper remains firm on optimism over US-China talk, ICSG reports deficit
Gold found support after the dollar fell against Yuan
Brent oil finds stiff resistance level near \$68 as US oil supply increases
Steel prices recover, demand outlook improve after President Trump comment on tariff
FI's inflow strengthens rupee, rising oil prices continues to be a risk.

COPPER REMAINS FIRM ON OPTIMISM OVER US-CHINA TALK, ICSG REPORTS DEFICIT

- ▲ LME copper prices touched their highest level since July after U.S. President Donald Trump said he would delay an increase in tariffs on Chinese goods scheduled for March 1. President Trump would also plan a summit with Chinese President Xi Jinping at his estate in Florida to conclude an agreement, assuming both sides make further progress.
- ▲ ICSG Report - World refined copper balance for the first eleven months of 2018 (including revisions to previous data) indicates a deficit of about 395,000 tonnes. World apparent refined usage is estimated to have increased by about 2.2% and production is estimated to have increased by 1.5% for the same period.
- ▲ Inventory - SHFE Copper warehouse stock increased by 10676 mt in last one week to 217794mt, with a net change of 11percent in last six month. LME Copper warehouse stock decreased by -9350 mt in last five days to 133825mt, with a net change of -48percent in last six months. Comex Copper warehouse stock decreased by -7021 mt in last five days to 63224mt, with a net change of -70percent in last six month.

Outlook

- ▲ Decreasing mine production and drying up inventories are keeping copper prices higher; ICSG reported a deficit in the first 11 months of 2018. Copper may find minor support around 6285, short-term trend remains positive above this level. Meanwhile, immediate resistance is seen near 6544-6702

GOLD FOUND SUPPORT AFTER DOLLAR FELL AGAINST YUAN

- ▲ Gold recovers marginally from early losses as the dollar declined against Yuan. Yuan rallied on optimism of trade talk, U.S. President Donald Trump said he would delay an increase in tariffs on Chinese goods. Gold could continue to decline as equity markets may rally post presidents comment.
- ▲ Media speculation on Brexit deal is keeping gold prices firm in the near term. A Media report says that Brexit could be delayed until 2021 under plans being explored by the EU's most senior officials.
- ▲ Gold slipped last week, pressured by fed comments that it will not adopt as dovish a stance on monetary policy as previously thought.

Outlook

- ▲ Comex gold found immediate support around \$1322 per ounce, on a break below this level; further decline is possible till \$1305 per ounce meanwhile critical resistance is seen around \$1340-\$1349.80. We expect gold to remain in the range of 1322-1348 for short term. Geopolitical issues such as Brexit, Venezuela tension and Iran-India terror attack are keeping gold prices firm but positive outcome of US-China trade talk and fed comments keeping gold in range.

BRENT OIL FINDS STIFF RESISTANCE LEVEL NEAR \$68 AS US OIL SUPPLY INCREASES

- ▲ Oil prices remain in the range below \$68, as U.S. firms increase exports in competition with traditional producers from the Middle East in key markets like Asia. US Crude oil production hit a record 12 million barrels per day (bpd). This means that U.S. crude output has soared by almost 2.5 million bpd since the start of 2018, and by a whopping 5 million bpd since 2013.
- ▲ US oil rig count- The total number of active oil and gas drilling rigs fell by 4 rigs to 853. The oil and gas rig count is now up 69 from this time last year, 54 of which is in oil rigs.

- ▲ Inventory-According to EIA weekly inventory report last week, U.S. commercial crude oil inventories rose by 3.7 million barrels to 454.5 million barrels in the week ended Feb. 15.
- ▲ OPEC cut- Crude oil rallied last week after U.S. sanctions against oil exporter Venezuela. OPEC and some non-affiliated producers such as Russia agreed late last year to cut output by 1.2 million bpd to prevent a large supply overhang from growing.

Outlook

- ▲ Brent oil is in a range near \$68, marginal correction is seen due to rise in US oil production levels but the counter is still receiving support from OPEC+ production cuts. We expect Brent oil to remain positive as OPEC production cut, Venezuela and Libya issues could keep oil on the boil, US trade talks with China would also be watched closely for further clarity on demand growth. Positive US-China trade may support oil demand outlook for rest of the year.

STEEL PRICES RECOVER, DEMAND OUTLOOK IMPROVES AFTER PRESIDENT TRUMP COMMENTS ON TARIFF

- ▲ Chinese steel and steel-making raw material prices recovered buoyed by positive market sentiment. Chinese steel prices receiving support by positive trade talks and Trump's comments of extending the deadline for talks.
- ▲ Global mining giant BHP Group projected China's infrastructure to rebound in 2019, while its property market is expected to be resilient and the automobile market is also likely to improve after a weak 2018
- ▲ Iron ore supply disruption is expected to hit Brazilian supplies of pellets. Refined from iron ore, pellets are used in blast furnaces in producing steel.

Outlook

- ▲ Steel rebar future on SHFE is likely to rise, supported by iron ore prices and optimism over US-China trade talks as construction demand may pick up this week and Inventory restocking after the holiday season could boost prices in the short term. The next level of resistance is seen around 3833-3920.

FII'S INFLOW STRENGTHENS RUPEE, RISING OIL PRICES STILL A RISK

- ▲ US dollar came under pressure against some currencies on rising foreign fund inflows and a higher opening of domestic equity markets.
- ▲ Oil prices rose on Monday as US-China are near to closing trade deal, world economic growth may revive on a positive deal between two nations.
- ▲ FII and DII Data
- ▲ Foreign funds (FII's) bought shares worth Rs. 6311.01 crore, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs 838.88 crore on February 22nd
- ▲ In February 2019 FIIs net bought shares worth Rs.6122.41 crore, while DII's were net buyers to the tune of Rs. 7074.59 crore.

Outlook

- ▲ Indian rupee holding tight range from last one week as FII's improved but rising crude oil prices still pose a threat. We can expect the further recovery in rupee if USD-INR pair breaks support level of around 70.96. USD-INR may decline towards 70.40-69.80 if it breaks 70.96.

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